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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

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USSR REPORT

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

UZSSR TRADE MINISTER ON 1983 CONSUMER GOODS SUPPLY

Tashkent PRAVDA VOSTOKA in Russian 25 Jan 84 p 3

[Article by M. Kh. Khasanov, UzSSR trade minister: "In Our Stores"]

[Text] A very large sum of 65 million rubles has been allocated this year for development of state trade. Large trade and food service enterprises and wholesale depots are being put into service. Closer attention is being paid to development of refrigeration, which is extremely important under the conditions of our region. Large new stores with up-to-date equipment have been opened in Andizhan, Samarkand and Nukus. Last year 16 million rubles were spent for these purposes in the capital of the republic.

We are gratified that enterprises in the service sphere have been allocated the ground floor of apartment buildings when they are built. This has made it possible, for instance, in Kara-Kalpak ASSR alone to put 20 large stores into operation last year. The growth of commodity sales and the need to strengthen ties between the trade sector and production have led to the creation of specialized trade enterprises such as stores selling radio equipment, furniture, clothing, footwear, children's goods and vegetables. At the same time trade in everyday goods has gone in the direction of supermarkets, and large self-service supermarkets are being built.

The growth of plant and equipment also requires intensification of the training of highly qualified personnel to staff the sector.

Today there are 300,000 persons working in the sector of trade and the food service industry in the republic. This year they will be joined by 12,000 graduates from VUZ's, specialized secondary specialized educational institutions and production and technical schools, and quite a few young men and women will also come to us with Komsomol assignments.

At the December (1983) Plenum of the CPSU Central Committee it was pointed out that the measures taken in 1983 have made it possible to improve somewhat the supply of a number of foodstuffs to the public. In particular it stated that larger purchases have been made of milk, meat and eggs. Trade enterprises felt this immediately: last year sales to the public increased 8.1 percent for meat products, 7.9 percent for dairy products, 9.2 percent for eggs, 13.8 percent for sugar, and 5.8 percent for fish products. The

population's need for vegetable oil, margarine, confections, vegetables, potatoes and fruit has begun to be satisfied more fully. The assortment and quality of products of food service enterprises have improved somewhat. A definite role has been played in this by the fact that last year 3,600 tons of meat were delivered to food service enterprises from subsidiary farming operations created in the system of our own ministry.

The assortment of industrially produced goods has been enriched, and their quality has improved, including that of those produced in the republic. There is a huge demand, say, for porcelain products, Margilan and Samarkand silks, and products of the Samarkand Garment Factory imeni 8 Mart. This year the republic's population will be sold almost 1 million rubles more goods than last year!

Seasonal sales of goods twice a year are being introduced: in the summer the customer will be able to buy goods in the winter assortment, and in the winter goods in the summer assortment, at reduced prices. Vigorous preparations are now being made for such a sale at all trade depots and enterprises.

Of course, it cannot be said that all is well in our system. The quality of service is not what it should be by any means. We are waging and will continue to wage a resolute struggle against violations of the rules of the Soviet trade sector and will be strict in seeing that all the goods that exist in depots and warehouses reach the consumer in good time. We hope we will receive vigorous help from the public in accomplishing this.

We should be stricter in requiring enterprises to fulfill plans for deliveries of goods on regular schedule, in the agreed assortment, and up to the proper standard of quality. Quite often, unfortunately, only 3-5 percent of the goods come in the first 10 days of the month, a bit more in the second 10 days, and the bulk at the end of the month. The most resolute fight needs to be waged for product quality. There are cases like this: plenty of goods in the store, but their quality does not attract the customer. They should either be scrapped or downgraded; this applies not only to suits, dresses, footwear, musical instruments and children's toys made at the republic's enterprises, but even to certain foodstuffs.

We receive little food in small packages; this also has an impact on the quality of customer service.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

TRADE MINISTRY OFFICIAL DISCUSSES 1984 PLANS

Moscow SOVETSKAYA TORGOVLYA in Russian No 3, Mar 84 pp 2-6

[Article by Yu. Gryzanov, head of the Economic Planning Administration and member of the Collegium of the USSR Ministry of Trade, Moscow, "Trade, the Year 1984"]

[Text] "In the final accounting all of our economic efforts are aimed at raising the people's living standard. This is the main socio-political goal of our plans," the December (1983) CPSU Central Committee Plenum said.

The decision taken by the CPSU Central Committee concerning the development of a Comprehensive Program for the Development of Consumer Goods Production and the System of Services for the Public provides evidence of the unswerving nature of the policy aimed at improving the people's well-being. This program will be included as a component in the USSR State Plan for Economic and Social Development in the 12th Five-Year Plan and up to the Year 2000. Increasing the output of non-food commodities in organic combination with the implementation of the Food Program will provide the opportunity to more fully satisfy the growing needs of the Soviet people for various commodities and will be the basis for the future development of retail commodity turnover.

Trade has one of the leading roles to play in the development and (future) implementation of the Comprehensive Program. In 1984 the organs which direct trade both centrally and locally face the task of working in close contact with industry and the planning organs to prepare proposals aimed at increasing the output of goods, at discovering production reserves, at improving the geographical distribution of production, at expanding variety and raising the quality of goods, at improving the transportation, packaging and labeling of goods. The accomplishment of this task must be based on further improvement in the work of studying and predicting public demand through the use of scientifically grounded methods.

As a result of the party's constant concern for growth in the public's income and for an increase in the production of consumer goods, the volume of retail commodity turnover in the country's state and cooperative trade sectors, including the sale of agricultural products purchased by consumer cooperatives at prices agreed upon in contracts and accepted for commission amounted to 305.7 billion rubles last year. Since the start of the 11th Five-Year Plan commodity turnover has increased in the prices of the corresponding years by nearly 35.2 billion rubles, or by 13 percent; in 1983 the increase amounted to 10.1 billion rubles. The per capital sale of commodities reached 1,123 rubles (it was 1,019 in 1980).

There was a particularly rapid rate of development in commodity turnover in the consumer cooperative sector for the sale of agricultural products purchased at prices agreed upon by contract and accepted for commission. In 1983 the amount of meat and dairy products, fats, eggs, honey, potatoes, vegetables, fruits, berries, grapes and other agricultural products purchased by the cooperative sector was nearly 1.5-fold greater than in 1982. Most of these products were sold in industrial centers and cities.

However, the 1983 target set by the five-year plan for the development of retail commodity turnover was not achieved by either the state or the cooperative trade sector. Inadequacies in the operation of trade organizations had a negative effect on the development of retail commodity turnover, as did market factors, which expressed themselves in a slowing down of the rate of growth in the sale of such commodities as jewelry, watches, crystal, carpets, some fur items, woolen scarves, cameras, particular brands of television sets, refrigerators and certain other goods. These inadequacies included first of all low standards in what these organizations have demanded of industry in terms of the timely restructuring of product variety with regard for public demand, faster updating of products, raising the quality and increasing the consumer features of items, improving their packaging and labeling, and expanding the production of goods in packaged or wrapped form. Last year industry failed to deliver to trade organizations more than 6 billion rubles worth of particular food and non-food commodities.

There are places in which the forms and methods for the sale of goods have not been restructured in a suitable or timely manner in accordance with changes which have taken place in the state of the market. The trade organizations in a number of the union republics are lagging behind in the development and specialization of the trade network and in the work of providing up-to-date equipment to display goods. There are also quite a few inadequacies and omissions in the distribution of commodity resources and in the movement of these resources, in the work of monitoring

commodity traffic and in the relations between wholesale and retail trade. This leads to the non-rational distribution of commodity resources, to accumulations in certain regions and shortages in others, to distortions in the commodity reserves supplied to certain trade systems and organizations within regions, and as a result, to a poor selection of goods in the stores, to interruptions in the sales of certain commodities, to financial difficulties and to unjustified expenditures and losses. Particularly large above-norm reserves have accumulated in the Central Asian and Trans-Caucasian republics.

Eliminating these operational inadequacies is one of the top-priority conditions for the successful fulfillment of the 1984 plan targets for the development of trade.

In the fourth year of the current five-year plan the volume of retail commodity turnover in the state and cooperative trade sectors is scheduled to increase by 5.5 percent. By the end of the year it should reach 322.5 billion rubles, of which 3.5 billion rubles has been set as a supplementary target. The per capita sale of goods will increase 15.4 percent in comparison with 1980 and will total 1,176 rubles.

The target set for the development of retail commodity turnover is a very intense one: almost a 1.7-fold increase is required. For this reason it is essential to unleash organizational work and socialist competition at the very beginning of the year in order to achieve the targets set by the plan. The retail price reductions which went into effect on 1 December 1983 for a number of commodities undoubtedly will contribute to a significant increase in sales of these items. Particular attention must be paid to organizing trade in such a way that a wide variety of these products is available; for this it is essential to ensure that retail and wholesale trade have sufficient stocks of these goods and to establish strict monitoring of production and deliveries.

Further growth is stipulated in the sale to the public of food products, including meat, in the current year. The sale of light industry goods will grow by 5.2 percent, and the sale of recreational, educational and household goods will grow by 3.8 percent. There will be a sharp, 29 percent increase in deliveries of building materials and production-technical goods for retail sale. At the same time the task of procuring additional goods and bringing them into commercial circulation remains one of the main goals for ensuring that the 1984 retail commodity turnover plan is met. The trade organizations of the Azerbaijani, Georgian, Uzbek, Tajik and Turkmen union republics must put forth great efforts toward this end because the rate of growth in commodity turnover for these republics has been set at a higher level than that for the country in general.

Important conditions for the fulfillment of the commodity turnover plan include developing and improving the material-technical base and putting into operation on time new stores, public catering enterprises and "trade rears" such as warehouses, cold storage units and other storage facilities for potatoes, other vegetables and fruits. In the three years which have passed since the start of the five-year plan the material-technical base of the state trade sector has been increased through the addition of stores with 2 million square meters of selling area. The targets for the development of the public catering network at production enterprises (according to preliminary data) have been successfully fulfilled, as have targets for the introduction of general-purpose warehouses established by a decree of the CPSU Central Committee and the USSR Council of Ministers "Concerning Measures to Further Develop Trade and Improve Commercial Service for the Public in the 11th Five-Year Plan." Total capital investment in the development of trade's material-technical base from all sources of financing amounted to 4.3 billion rubles for the first three years of the five-year plan period, including 1.4 billion rubles in 1983. Moreover, more than one-third of these funds were directed at the technical re-equipment and renovation of existing enterprises.

Last year the following major wholesale and retail trade enterprises went into operation: cold storage warehouses in Vladivostok and Petropavlovsk-Kamchatskiy which can each store 10,000 tons at one time and a refrigeration unit in the city of Sumy with a capacity of 4,500 tons; warehouses in Minsk (with an area of 16,000 square meters), in Barnaul (18,000 square meters), in Adler and Simferopol (10,000 square meters each) and in Zhitomir (5,000 square meters); a shopping center in Omsk with an area of 15,000 square meters; a Children's World Department Store in Tbilisi and a department store in the city of Mary. Department stores now account for 11 percent of the total area of non-food stores, and self-service supermarkets account for 4.2 percent of food store floor area.

At the same time a number of important targets have not been fulfilled. This applies to the introduction of distribution cooling facilities and to the development of a universally accessible public catering network. The latter constitutes the main reason why a number of union republics and the country in general have not fulfilled the commodity turnover plans for public catering or the output of goods which these enterprises produce themselves.

In the current five-year plan period trade and public catering enterprises have received more than 600,000 units of cooling equipment and 750,000 units of basic mechanical and heating equipment. The inventory of container equipment in the

commercial organizations of the USSR Trade Ministry system increased to 700,000 units during this period.

However, the material-technical base of the trade sector is still substantially behind in its development, and this has a negative effect on the level of service provided by this sector. In addition to shortages in the retail network, especially in the sale of non-food commodities, the inadequate supply of warehouses and catering enterprises open to the general public is sharply felt. By the start of 1984 the state trade sector was 3.9 million square meters short of the norms for the trading area of stores; catering enterprises open to the general public were 2.9 million places short, and there was a 7.7 million square-meter shortage of space in general-purpose warehouses. Moreover, it should be noted that to a significant degree the existing norms do not reflect the actual need for commercial space which is essential to provide a high level of service to the public. For this reason speeding up the development of the trade-warehouse network, while increasing production and expanding the range of food and non-food commodities, constitutes one of the most important tasks for 1984 and the five-year plan in general.

A large program of construction within the trade-warehouse network is planned for the current year. Capital investment in the state trade sector from all sources of financing will amount to 1.221 billion rubles according to the plan. Store area in the state trade sector is to be increased by 680,100 square meters, which will bring the area per 1,000 residents up to 171 square meters. Catering enterprises open to the general public should increase the numbers they accommodate by 90,000 places. In addition, appropriate targets have been set for the ministries of industry, construction and transportation to develop the network of cafeterias at production enterprises; targets have also been set for the organization of cafeterias at higher and secondary specialized educational institutions, general education schools and vocational-technical institutes. General-purpose warehouses with an area greater than 386,000 square meters and distribution cooling units with a capacity of more than 50,000 tons are to be built primarily in the wholesale trade sector. Of course, it is also essential to take every possible measure to make up for the failures to meet targets for the construction and renovation of the trade network which occurred in the previous years of the five-year plan. For this reason, it is important not only to utilize completely the centrally allotted capital investments, which should be directed as a first priority to the construction of warehouses, but also to make better use everywhere of the 5 percent housing construction allowance for the development of the network of stores and public catering enterprises, as is being done in Uzbekistan, Armenia, Lithuania and Leningrad. More credits for the construction of these facilities should be drawn from the USSR Gosbank and the USSR Stroybank (Construction Bank).

Last year capital investment from above-plan sources amounted to 160 million rubles. At the same time funds from the 5-percent housing construction allowance were only 70 percent utilized. Their utilization has been particularly unsatisfactory in the Kazakh, Turkmen and Azerbaijan union republics. As a result, these republics are significantly behind in the fulfillment of targets for the development of the network of stores and public catering enterprises. The 5-percent allowances are being poorly utilized in Kirghizia, Moldavia and Estonia as well.

Under present-day conditions the retail commodity turnover plans can be successfully fulfilled and the quality of trade services for the public can be raised only through the intensification of this sector's development based on the accelerated application of the achievements of science and technology. The main goal, in this work, as determined by the decree of the CPSU Central Committee and the USSR Council of Ministers "Concerning Measures to Accelerate Scientific-Technical Progress in the National Economy," must be to introduce widely and quickly the results of scientific research at all work sites of this sector. This applies first of all to the improvement of technology for selling and storing commodities, for preparing and dispensing food and for loading and unloading operations, which ensures improvement in the trade service provided to the public and substantial growth in labor productivity.

In order to monitor more carefully the practical application of scientific research findings and the resulting economic effectiveness the Basic Regulations and Methodological Instructions on How to Organize, Monitor and Calculate the Effects of Introducing the Results of Completed Scientific-Research Work within the USSR Ministry of Trade System were developed and put into practice by the 7 December 1983 Order No 279 of the USSR Ministry of Trade.

One of the leading directions in this sector's application of scientific-technical achievements is the implementation of comprehensive inter-sector area programs for the rationalization of state trade for every oblast, kray, autonomous republic or union republic which does not have an oblast division, as well as for certain cities, something which was specified in the decree of the CPSU Central Committee and USSR Council of Ministers "Concerning Measures to Further Develop Trade and Improve Commercial Services to the Public in the 11th Five-Year Plan."

At the present time the development of these programs has been completed almost everywhere. Their implementation will make it possible to obtain by the end of the five-year plan an economic effect of more than 200 million rubles and to conditionally release 175,000 people.

In the rationalization programs an important role is given to the implementation of sets of measures to technically re-equip the retail and wholesale trade sectors, as well as public catering; to mechanize and automate technological processes in trade, especially heavy and labor-intensive work; and to introduce progressive technology for transporting, storing and selling goods. For this reason the organs which direct trade both centrally and locally must give constant attention to the subject of technically re-equipping the sector; more initiative must be shown in utilizing for this purpose the opportunities which industry has in the various regions.

The plans for 1984 stipulate that enterprises in the USSR Ministry of Trade system will introduce 142,400 units of container equipment and progressive technology for the delivery and self-service sale of everyday demand items in 686 stores. In addition, 334 sets of refrigeration equipment are to be introduced for self-service sales from container equipment of commodities which spoil quickly.

An absolute condition for the successful implementation of these programs to rationalize trade and mechanize labor is an increase in the output of packaged goods. The proportion of commodities which are packed industrially is extremely inadequate and today amounts to a little more than 24 percent, excluding canned goods and wine-water items. For example, enterprises of the USSR Ministry of the Food Industry, package only 12.5 percent of the sugar and 22.5 percent of the macaroni items which they produce; the meat and dairy industry packages only 20 percent of its animal fat and sour cream, and about 50 percent of its whole milk; enterprises of the USSR Ministry of Procurement package even less: 8 percent of groats and 17 percent of flour. This seriously slows up the introduction of the program for the mechanization of labor in trade, as well as the further expansion of self-service commodity sales. In addition to raising the level of demands made on industry to increase the output of packaged goods in the amounts stipulated by the Food Program, the trade organizations must provide for the on-time introduction of their own specialized units for the centralized packaging of commodities within the framework of the area programs for the rationalization of trade and the reduction of manual packaging in stores. In this regard, the end task is to organize the delivery and self-service sale of packaged goods using container equipment because the greatest effect is realized in this way.

In Voroshilovgrad and Klaypeda, where a great deal of work has been done to renovate stores and warehouses, as well as to introduce efficient systems of commodity movement and new types of equipment, the delivery of packaged goods in container equipment has reached a level greater than 80 percent. However, in the country as a whole it is still extremely insignificant and does

not exceed 3 percent of the total volume of deliveries. The trade ministries in the union republics must ensure that the republic food-industry ministries establish targets for the enterprises which come under their jurisdiction with regard to the delivery of packaged goods in container equipment in the amounts stipulated by area programs.

Not all of the union republics have established inter-sector coordination for the comprehensive rationalization projects, nor have they created the appropriate organs for this purpose; as a result, the industry's enterprises have not been sufficiently involved in the implementation of this program. There have been delays in creating republic centers and oblast laboratories for comprehensive rationalization. Very little time remains to repair the omission. The establishment of a system to direct the comprehensive rationalization projects in the republics and oblasts must be completed as soon as possible. It is also essential to complete the establishment of information-dispatch services for trade and, after a plan has been drawn up, to begin creating a standard automated information-dispatch system in 1984.

One of the important directions in the implementation of the programs to rationalize retail trade involves improvements in its structure, in the siting of the network, as well as in the forms and methods of sales. And here, too, there are many complex issues to be solved and past failures to be overcome. In many cities, for example, systems for the development and siting of the retail network which are linked to the general plans for urban development are either lacking or are out of date and in need of re-examination. Even some of the cities which are among the 16 regions of the country carrying out comprehensive programs to mechanize manual labor are in this position. In a number of union republics, targets have not been fulfilled for the renovation of the trade network, for efficient intra-network specialization or for the development of the network of Children's World, Goods for Children and Infant department stores or for the network of commission (second-hand) stores. This applies primarily to Turkmenia, Georgia and Moldavia. Funds derived from rent payments and capital repair deductions are not being used at all for the renovation of trade enterprises in the Azerbaijan SSR, the Turkmen SSR and the Kirghiz SSR. The volume of self-service sales remains low--about 50 percent--in the Armenian, Georgian, and Ukrainian union republics; in a number of republics the existing inventory of container equipment is being utilized ineffectively.

The tasks set for the 11th Five-Year Plan with regard to increasing the technical-economic level of trade and implementing comprehensive programs to rationalize it and to mechanize manual labor require an acceleration of the rate at which these programs

are being implemented. In particular, it is essential to bring the level of self-service sales in a majority of the union republics up to 60 percent of the total volume of commodity turnover in 1984, and the floor space of self-service food stores with a complete selection of goods (self-service supermarket...) must be brought up to 603,400 square meters for the country as whole, which amounts to about 5 percent of the total trading area of food stores. The number of stores which operate using container equipment must reach a minimum of 9,000; the number of intake points--located at industrial enterprises--where advance orders can be placed for food and other commodities must be brought up to at least 7,800; the floor space of department stores and houses of trade must be brought up to 1.564 million square meters, which amounts to about 12 percent of the trading area of non-food stores.

The collection of glass containers from the public constitutes a bottleneck in the work to improve trade service for the population, one which prompts justified complaints from that quarter. The network of collection depots is still inadequate, and the work at these places is poorly mechanized. The way to improve these operations is to apply as quickly as possible the highly successful experience acquired by trade organizations in Belorussia and Lithuania. It is essential, as this experience has shown, to centralize within the cities the administration for the collection of glass containers on which a deposit has been paid, and to create specialized bases with an extensive network of intake depots. This makes it possible to organize more efficient coordination of transport operations for returning the glass containers to industry and to improve the supply of packing materials required by the collection points.

Public catering workers face large tasks in 1984. In accordance with the development plans which were worked out in the union republics, commodity turnover in public catering must increase 2.5 percent in the current year and amount to 27.4 billion rubles. At the same time, the output of items which the public catering enterprises produce themselves must increase 2.8 percent, and by the end of the year it must reach 18.6 billion rubles. In the current year public catering will account for 17 percent of the total volume of food products sold to the public through the state and cooperative trade sectors; public catering will serve more than 110 million meals, which is the equivalent of feeding 40 percent of the entire population of the country once.

In order to ensure the fulfillment of these plans for the development of public catering, it is essential to carry out--from the very beginning of the year--the program for the industrialization of catering and for the broad introduction of industrial methods of food preparation. There must be close coordination

with food-industry enterprises to develop steadily the production of intermediate products in the necessary variety, to utilize more fully the capacities which the intermediate-product enterprises themselves have for manufacturing these items, and to carry out the further expansion and technical re-equipment of these enterprises. Broader use should be made of the experience acquired by the city of Pervouralsk in Sverdlovsk Oblast, and by Lipetsk Oblast, where a series of measures on increasing the level of industrialization in public catering has been worked out. It is essential to carefully work through the experimental technology which is being introduced at the intermediate product factory in the Gagarinskiy Rayon of Moscow and the Shevchenkovskiy Rayon of Kiev, and in the future at the intermediate product factory in the city of Orekhovo-Zuyevo in Moscow Oblast. The experience acquired in carrying out programs for the rationalization of public catering in organizations of the Lithuanian and Estonian union republics deserves dissemination.

The plans for the development of public catering are intense, their fulfillment requires well-thought out organizational work, and an evaluation of future prospects as this work is being carried out. However, not all of the local trade administration organs approach the implementation of these plans from this viewpoint. In the Kirghiz, Tajik and Turkmen union republics, for example, the targets of the 11th Five-Year Plan do not call for the construction of a single factory to produce intermediate products, at a time when this is one of the most important directions in the development of public catering. These republics also have low volume levels for the delivery of intermediate products by food-industry enterprises, especially for the fruit and vegetable industry. For example, in the Turkmen SSR the level of intermediate meat products supplied to enterprises is one-half that of the country in general, and centralized production of peeled potatoes and intermediate vegetable products has hardly been organized at all. The republic is not meeting targets for shifting public catering enterprises to comprehensive supplies of intermediate products.

As required by the decisions of the December (1983) plenum of the CPSU Central Committee, particular attention must be devoted this year to the further improvement of management and planning. Toward this end it is essential to expand the economic experiments being carried out in this sector and to look for new ways to improve the economic mechanism. Continuous organizational work must be carried out to ensure a regime of thrift and to reduce non-productive expenditures and losses. It is essential to ensure that in 1984 there will be an additional reduction in the expenditure of material resources in comparison with the established norms for their consumption; these reductions should average up to 4.5-5 percent for boiler-furnace fuel, electrical and thermal energy, rolled products made from ferrous and non-

ferrous metals, steel pipe and other materials; up to 3 percent for soda ash and caustic soda, polymer materials and other chemical products; no less than 9 percent for savings of motor vehicle fuel, as well as a reduction of up to 8-9 percent in the year's consumption of fuel for machinery and equipment in comparison with 1982.

In 1984 the increase in the volume of commodity turnover in retail trade and public catering must be achieved without any increase at all in the number of employees. At the same time, the network of retail trade enterprises will grow by 2.1 percent and the network of public catering enterprises will grow by 3.5 percent. In order to staff newly opened enterprises, measures will have to be taken to further increase labor productivity. This must be achieved by further expanding the practice of combining occupations, introducing inter-sector and sector norms and shifting schedules which take into account the intensity of customer traffic. However, growth in the rate at which programs for rationalization and the mechanization of manual labor are implemented must become the main direction.

The successful realization of the plans for the fourth year of the five-year plan constitutes a further step in the work to raise the living standard of the Soviet people and to satisfy more fully their needs for goods and for improvements in the quality of service. In order to fulfill the established plans it is essential to unleash on a broad scale--during the first days of the year--socialist competition in all collectives and at all work sites to achieve high results with the least expenditures, to raise labor productivity, and to improve the level of service and courtesy in trade. And, of course, the efficient organization of all work carried out both centrally and locally is the very first condition for the successful fulfillment of the plan.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

ESSR LIGHT INDUSTRY MINISTER ON 1983 CONSUMER GOODS SUPPLY

Tallinn SOVETSKAYA ESTONIA in Russian 11 Mar 84 p 1

[Article by Yu. Kraft, ESSR minister of light industry: "Demand Dictates"]

[Text] The labor force of the republic's light industry has ended the 4th year of the 11th Five-Year Plan with a straightforward program of actions and armed with the decisions of recent plenums of the CPSU Central Committee, the 9th Session of the USSR Supreme Soviet, which have emphasized once again the need to saturate in every way the market for high-quality consumer goods. Of course, this problem has never ceased to be an urgent one. But now it has become one of our main social and political goals and an exceedingly important task in the country's 5-year plan. All our efforts in the economy are ultimately aimed at raising the people's standard of living.

It has to be acknowledged at once that the last year was especially strenuous for our sector. Abrupt changes were manifested in conditions on the market. There was a decline of demand for many traditional goods such as overcoat and lightweight woolen fabrics, ready-made cloth garments, knitted outerwear, carpets, and so on. The trade sector canceled contracts previously concluded for delivery of goods in the amount of 50 million rubles, which necessitated fast action to restructure production and to urgently replace those goods with new ones with better sales. To this we should add the difficulties caused by the shortage of quality raw materials, especially in the cotton sector.

Nevertheless, our enterprises have been able to successfully cope with the assignment for the year and have not only fulfilled the state plan with respect to all physical indicators (except fur and fur products), but also the additional assignment we established ourselves, exceeding the plan with commodities worth 64 million rubles.

Moreover, many of them achieved high rates of growth: production of linen fabric increased by almost one-third during the year, output of nonwoven materials 11 percent, and the production of long flax fiber 15.5 percent. The cotton sector has been operating successfully. It exceeded the output plan by 3.8 million square meters of fabrics.

The plan was fulfilled for all volume goods. Today we can even speak of having eliminated the shortage for such vital necessities as bed linen, knitted underwear, warm jackets for athletics, and so on. The level of the 5-year assignment plan for this period of time was achieved through the collective efforts of our enterprises. Output since the beginning of the 5-year period has increased 9.1 percent, the rise of labor productivity has been 11.8 percent, which exceeds the planned increase by almost 3 percent.

But in a situation where the population's purchasing power is increasing steadily, which means frequent clothing purchases and greater demand for more stylish (and expensive) products, we are responsible not only for the quantity, but, most important, for the quality of the goods produced. We must constantly offer for sale new models of clothing and footwear, fabrics in interesting new designs and textures, and there is still a great deal for us to do to achieve that.

For instance, though there was a sizable output of products of improved quality--18.8 percent--the plan went unfulfilled for putting products into production qualified as "new." Here again the garment industry workers of "Baltika," the personnel of the Tartu Leather Footwear Combine and especially the "Kommunar" Association did not fulfill obligations to consumers.

That is why the attention of enterprises has now been concentrated on problems related to the new assortment of products and product quality. A special staff concerned with putting new products into production has been created in the ministry; in its meetings it regularly takes up prototypes of new products and monitors the progress of their introduction.

It is sufficient to say that under the difficult conditions of the past year, when the trade sector canceled contracts previously concluded, specifically those for men's overcoats, the labor force of "Baltika," in close collaboration with the personnel of other enterprises and the artists of the Tallinn Fashion Center, sharply increased the output of short-length winter coats and jackets from raincoat and Capron fabrics, artificial leather and fur, velveteen suits and velvet jackets, and put a new school uniform into production. Collaboration has begun to develop between garment enterprises and the "Vneshposyltorg" Foreign Trade Association, and now the products of "Baltika," including overcoats, are competing successfully with imported goods on the store shelves of the firm "Berezka."

Under the conditions of that same competition, involving not only many carpet enterprises built in the country in recent years, but also foreign commercial firms which deliver carpets and carpeting to us, the personnel of the "Mistra" Association had to conquer the market. Nevertheless, they achieved a quality which assures them stable demand, and they are confidently stepping up the pace of production.

Our unconditional requirement is that every enterprise must concern itself with construction and reconstruction. Only in this case will we be able to achieve a sound level of production, raise labor productivity and eliminate the acute shortage of manpower.

In the 3 years of the 11th Five-Year Plan we have already managed to put into production twice as many pieces of equipment as during the entire 10th Five-Year Plan. And whereas last year (with 100-percent fulfillment of the plan for capital construction) we put 23 projects into operation, 34 will be put into operation this year.

The 11th Five-Year Plan will become above all the turning point in development of our weak link--the leather footwear industry. Even at the end of last year the first phase of the very large chrome leather plant of the "Kommunar" Association went into operation in Narva. This enterprise will provide high-quality raw material for the republic's production of leather shoes and will make it possible to deliver them outside the republic.

In our minds the radical change of direction in putting an up-to-date assortment of footwear into production is bound up with next year's startup of "Kommunar's" new fashion footwear factory with a capacity of 2.5 million pairs a year, which is being built in Tallinn with the help of foreign firms and also with the completion of reconstruction of the head enterprise of the Tartu Leather Footwear Combine. The extension of the Vyrub branch of that combine which was recently put into operation will make it possible even this year to substantially increase the output of walking shoes with a polyurethane sole, which are popular with all groups in the population.

We are striving for the possibility of using equipment to put the most up-to-date product assortment into production to be taken into account even when new technology and equipment are being chosen.

For example, this is now being done in connection with reconstruction of our textile giant--the combine "Krengol'mskaya manufaktura." More than 500 pieces of new equipment were installed there last year, and the manpower requirement was reduced by 244. Even now 65 percent of all Krengol'm's fabrics are produced on up-to-date air jet spinning frames and air jet looms. This has increased by almost one-third the output of products qualifying as "new" and has made it possible to undertake the production of fabrics altogether new for us, including batiste. Brilliant fabric designs are now being applied on the new printing machine by the methods of pigment and foam printing; this year the "Liropol" machines will begin to produce sheeting of the "frota" type. The same applies to the new equipment installed recently at the Pyarnu Linen Combine. Since the beginning of the year the trade sector has already received linen fabric with a printed design, and tablecloths, towels and napkins are being prepared for production. The "Marate" knitters will begin to produce high-quality sports apparel this year from velveteen, using the knitting and finishing equipment being installed there. Among the innovations for this year are the woolen blankets of the Factory imeni 1 Dekabr', which were selected in the competition "Popular Model for 1984," which recently ended, new models of clothing and many other things.

The branches of our associations and enterprises will also be retooled. In addition to solving socioeconomic problems such as improving working and living conditions of inhabitants of small cities and settlements, we will be able to specialize the production operation itself on a particular product.

Reconstruction has already been completed on shops of the Pyarnu Linen Combine in Myyzakyula and Kilingi-Nymme, which have put high-quality sheeting into production. Work is continuing to retool the cutting shop of the "Virulane" Factory in Rakvere, on a phase of construction of the branch of the Tartu "Sangar" Factory in Ryapina and the Loksa shop of the "Noorus" Garment Association.

But in the light of the demands being put upon us today, all of this still cannot be deemed sufficient. One of the reasons for incomplete satisfaction of demand and for the manufacturing of goods which do not sell seems to us, among other things, to lie in the shortcomings of our own and the trade sector's staff service for studying and forecasting demand. We will give just one example.

Many of our readers surely saw on television the opening of the Winter Olympics Games in Sarajevo and noticed that the participants of a number of countries, including France, were wearing warm woolen overcoats. The world's leading centers for popularizing fashion have been intensely advertising woolen fabrics for making overcoats. This type of clothing, which we inhabitants of northern latitudes have rejected unfairly, has returned to our wardrobe. But at present our market study staffs are silent and are in no hurry to make the relevant recommendations to the trade sector and industry. This runs the risk of our lagging behind international fashion. We are in favor of closer cooperation between the trade sector and industry; after all, oversights in orders ultimately are expensive for both parties and for the consumers.

At times the inflexibility of planning also stands in the way of satisfying demand in good time. Not uncommonly we lose a market by simply turning it over to a speculator. Take, for example, the recent fad for knitted caps. We could have quickly begun to manufacture them in place, say, of knitted outerwear, of which there are adequate supplies on the shelves. But the plan is the plan! The list of products for the 5-year period is straightforwardly defined, and for that reason enterprises are deprived of the opportunity of making a change of this kind. But in this particular case a solution ought to have been found in which the woolen caps could have been included in the plan with the necessary coefficient for adjustment.

Nor are we happy with the system of personnel training for light industry, especially now when there is a change of generations taking place and high skills are required of young workers in mastering new technology. The proportion of workers in training for our industry in the republic's vocational and technical schools is impermissibly low—less than 10 percent of our requirement. The majority of enterprises are forced to provide their own training on the job, and that takes time and diverse manpower and resources. We welcome in every way the project of reforming the general secondary school, especially where the reform speaks about labor training and vocational training of adolescents. In our opinion it would be correct to change one general secondary school to a vocational and technical school for the specialties of light industry in Tallinn, Tartu, Narva and Pyarnu and also to expand the training of specialists at the secondary level through the tekhnikum of light industry.

Our workers have received the program for the coming year as a most important assignment from the party and government--to achieve a rise of labor productivity 1 percent higher than the plan and a reduction of production cost of 0.5 percent more than the plan, which means that we must produce an additional output of 12.5 million rubles. Higher socialist obligations have indeed been assumed to take this into account.

We set our sights on continuing to reduce the materials intensiveness of products--in many of them the principal material constitutes more than three-fourths of the cost--to tighten the economy regime on all resources, and to increase the output of the equipment going into operation.

Already the output plan has been exceeded by 1.6 million rubles. The collectives of the "Krengol'mskaya manufaktura," the "Sulev," "Areng" and "Punane Koyt" Factories, the Pyarnu Linen Combine and others began the year with a good pace of work.

The year's assignment will be monitored unremittingly.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

GOSPLAN DEPUTY DEPARTMENT CHIEF ON FOOD INDUSTRY

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[Article, published under the heading "Economic Survey," by S. Avakov, USSR Gosplan deputy department chief, and S. Assekritov, USSR Gosplan subdepartment chief: "The Food Industry -- Important Component of the Foodstuffs Complex"]

[Text] According to the current classification of branches and sectors of the economy,¹ the food industry comprises a large aggregate of the most diversified branches and facilities. The food and gustatory, meat packing and dairy industries, as well as the fish processing industry are the largest branches. In this survey we shall consider only the food and gustatory industry, which encompasses more than 20 branches and subbranches of the food processing industry.

Historical the food processing industry as an independent branch formed during the years of the first five-year plan, when scattered branches were gathered into a single unified economic agency. All of them were incorporated one after the other into the system of the former People's Commissariat of Supply, and in 1934 the People's Commissariat of the Food Industry was separated from it. The union-republic USSR Ministry of Food Industry is a leading ministry today.

The USSR national economy contains a total of 8,513 food industry production associations and enterprises, which are components of the USSR Ministry of Food Industry, Ministry of Fish Industry, Ministry of Fruit and Vegetable Industry, Tsentrosoyuz, USSR Ministry of Agriculture, Ministry of Railways, Ministry of Trade, etc.

The USSR Ministry of Food Industry system contains 5,600 enterprises and organizations operating on their own balance sheet, including 3,600 industrial enterprises and 1,400 sovkhoses, plus construction, construction repair, design, scientific research, etc.

In addition to "purely food" products such as sugar, vegetable oil, mineral water, beer, confectionery goods, bread and flour products, pasta products, wine, liquor and spirits, food industry enterprises manufacture household and toilet soap, drying oil, perfume and cosmetics, cigarettes, various food acids, etc.

Food industry products which go directly to the consumer's table fall within societal production subdivision II -- group B; items which undergo additional

industrial processing fall within subdivision I, that is, group A. For example, confectionery goods, beer, tea, perfume and cosmetics, bread, wine, cigarettes, etc fall entirely within group B; sugar, vegetable oil, margarine, salt, yeast, etc fall within group B only as regards those volumes which go directly to consumption, while the remainder, designated for industrial processing, falls within group A.

The food industry has the largest percentage share of this country's total consumer goods production volume -- 41.1 percent, including food and gustatory industry -- 24.6, meat packing and dairy -- 14.8, and fish industry -- 1.7 percent.

The food industry accounts for almost 16 percent of total industrial output and 11.6 percent of total generated profit; the percentage share of industrial productive assets is 6.8 percent of their total value for the country as a whole. The food industry is the leader in total turnover tax contribution to the state budget.

All the branches of the food industry differ significantly from one another in specific features of the production process, types of equipment, level of mechanization, size, number of workers, as well as in types of raw materials utilized. Many branches are closely linked with the raw materials base (sugar, oil and fat, alcohol, canning, tea, starch hydrolysis industry), while others are closely bound to product consumption localities (bakery, confectionery, pasta, brewery, etc).

The existence of a large number of small enterprises employing 200 persons or less is dictated by the necessity of processing local raw material resources to provide various nontransportable goods to the population residing in these localities.

The geography of distribution of the food industry is vast, and is represented by several enterprises in virtually every economic region. K. Marx wrote: "The faster an item goes bad, the sooner it should be consumed, ...the shorter the distance it can be taken from the point at which it is produced, and the greater the local nature of its market."² Thus the entire food industry can be subdivided into two large groups according to geography of distribution: the first group includes industries connected with processing agricultural raw materials, the enterprises of which are located in the zones where the various raw materials are produced (sugar beets, potatoes, fruits and vegetables, grapes, tobacco, tea); the second group includes industries not connected with agriculture and located where the finished product is consumed. The first group of branches depends entirely on the volume and quality of the agricultural raw material received for processing and is of a strongly-marked seasonal character.

A continuous deepening of agroindustrial integration is taking place precisely here, as a result of intensifying concentration of agricultural and industrial production, an integration which is expressed in the establishment of production-agrarian associations and sovkhoz-plants. This form of integration has experienced its most extensive development in viticulture and winemaking, fruit and vegetable production, and the canning industry. Agricultural organizations and industrial enterprises, consolidated into unified economic complexes, are

subordinate to a single administrative agency -- the USSR Ministry of Food Industry (production of canned fruits and vegetables was transferred over in 1981 to the newly-established USSR Ministry of Fruit and Vegetable Industry).

The process of merging and consolidation of linkages between agriculture and the processing industries has accelerated with the establishment locally of rayon agroindustrial associations (RAPO), although we must emphasize that the organizations and enterprises in these associations maintain their ministerial affiliation and status of a legal entity, while the RAPO administrative edifice performs primarily the functions of coordinator of their activities.

The sugar industry is one of the largest branches connected with processing of agricultural raw material. Its raw materials base is concentrated in 10 union republics, but the RSFSR and the Ukrainian SSR account for 90 percent of sugar beet crop acreage.

Every year sugar mills process on the average 77 million tons of sugar beets, producing almost 7 million tons of granulated sugar in 1982. In addition to producing beet sugar, plants also refine sugar from imported unrefined cane sugar. Annual cane sugar production runs 3-5 million tons. Cane sugar refining makes it possible to reduce the seasonal nature of production and extend the annual operations of sugar mills, which process sugar beets for a period of 110-130 days. In addition to plants processing sugar beets and refining cane sugar, the sugar industry contains plants and shops producing lump sugar, which are concentrated in the granulated beet sugar production areas.

Also one of the largest branches is the oil and fat industry, represented by enterprises both of the first group, connected with processing various oilseed crops, and the second group, which turn out products based on fats, oils and by-products. Therefore enterprises which process oilseed crops (sunflowers, soybeans, mustard, castor beans, etc) and cotton are located in areas where they are grown, while margarine and soap factories are situated where these products are consumed.

The powerful industrial base of the oil and fat industry provides the capability to process more than 13 million tons of oilseed each year, with an annual production of 4-4.5 million tons of vegetable oils. Production totaled 2.6 million tons of vegetable oil (as a result of a poor oilseed harvest) and 1.4 million tons of margarine product in 1982.

The production capacity of oil mills is being increased by adopting the extraction method of obtaining oil from seed, which makes it possible substantially to increase product yield in comparison with the old pressing method. Presently more than 85 percent of all oil mills are employing this advanced method, while in the future the direct extraction method will be adopted, eliminating preliminary pressing of part of the oil.

The margarine industry is comparatively young: it has begun expanding rapidly in recent years. The product of this industry occupies an important place in the structure of consumption of fats, and its output volume is steadily growing. The majority of margarine plants contain shops for the production of mayonnaise, but their output capacity is presently inadequate, and the situation

of short supply of this product in certain parts of the country is continuing practically unabated.

The oil and fat industry, which produces soap, drying oil, stearin, and glycerin in addition to the products named above, serves as a vivid example of combining production on the basis of an initial raw material and the products of its processing. It is precisely for this reason that such a form of organization of production as the combine, where several types of production operations are combined, has experienced extensive development in this industry.

Combining primary processing of agricultural raw materials and end product manufacture gravitating toward localities of consumption is also characteristic of the tea, tobacco, and wine industry.

Facilities for primary processing of tea leaves, tobacco-fermentation plants and primary winemaking facilities are situated in the areas where the raw materials are produced. The initial raw materials used by these industries must be processed quickly, as they cannot be stored for an extensive period of time. Good quality of wine materials, for example, can be ensured only if the grapes are processed within two to three hours after harvesting; the entire tea leaf processing season runs not more than 150 days -- from May to October. Following primary processing, however, these same raw materials can be utilized on an even-volume basis throughout the year by enterprises specializing in the manufacture of the end product. These include tea weighing and packaging facilities, which prepare final-product tea blends of different tea varieties and put out packages of other tea varieties: Krasnodar, Georgian, Azerbaijan, Ceylon, and Indian; tobacco factories which blend different varieties of tobacco leaf to produce a broad variety of cigarettes; secondary wineries, which specialize in the bottling of finished dry and fortified wines, as well as the production of champagnes and sparkling wines.

The seasonal nature of the alcohol, starch hydrolysis, and vegetable drying industry has been smoothed out somewhat by processing several types of raw material, delivered at different times.

Alcohol plants, for example, process blackstrap molasses (a sugar-refining by-product), potatoes, corn, and wheat; starch hydrolysis plants process potatoes and corn; vegetable drying plants turn out semifinished products -- dried onions, potatoes, carrots, and other vegetables -- and supply them to food concentrate industry enterprises for preparing dry soup mixes, main-dish packages, etc.

Enterprises in the first group of industry branches differ in size of facilities, size of workforce, and technological level of production. The largest and most technically sophisticated enterprises are those in the sugar and oil and fat industry. They are characterized by the following: utilization of modern types of equipment, a fairly high level of mechanization, continuous nature and frequently also total automation of production processes.

Enterprises of the primary winemaking, tobacco-fermentation, alcohol and starch hydrolysis industries as a rule are small and are located in remote areas, near the sovkhozes and kolkhozes which supply their raw materials. Such facilities as a rule do not employ more than 50-100 persons.

The economic indices of plants engaged in primary and secondary processing of raw materials are closely interlinked and, as is evident from the above, start with the procurement of agricultural raw materials. The complexity of planning in branches of industry involved with the processing of agricultural raw materials and securing of plan fulfillment also consists in the fact that raw material resources are utilized by this group of enterprises in two time periods: in the latter half of one year (following harvest) and at the beginning of the subsequent year, when carryover stocks of raw materials or semifinished products are being processed.

Thus the finances and operations of these enterprises over the course of two years depend on the quantity and quality of raw materials received for plant processing.

The second group of branches includes enterprises which utilize agricultural raw materials following their primary processing in other branches, or which utilize nonagricultural raw materials (salt production, mineral water bottling). Of course salt enterprises and mineral water bottling plants are located where salt is mined and by mineral springs.

The largest branch in this group, according to number of enterprises, is the bakery industry. Its enterprises are found in practically all cities, towns, and worker communities. Enterprises of 40 ministries and agencies are engaged in the production of bread and flour products. The most important of these are the USSR Ministry of Food Industry (almost 60 percent of the nation's total bread production) and Tsentrosoyuz (34 percent).

The output capacity of mechanized bakeries ranges from 20 to 135 tons per day, while that of small bakeries ranges from 400 to 2,000 kilograms. All bakery goods, with the exception of rusks, baranka rolls and gingerbread, are sold within hours after they are baked, and the optimal bakery goods delivery radius does not exceed 50 kilometers. This explains the three-shift operations of bakery enterprises, employing a sliding schedule without days off or holidays, as well as their geographic location and size.

In the first group of branches production volumes are determined by quantity and quality of raw materials, while in the bakery goods, pasta products, brewing and other industries they are entirely focused toward consumer demand. And this demand depends in large measure on the availability of other foodstuffs (meat, potatoes, vegetables, and fruits) and weather-climatic conditions.

The task of planning agencies at all levels of management is to foresee these fluctuations, accurately to forecast changes in consumer demand, and to determine actual production and sales volumes for the given branches. This is a complex task, and it can be accomplished to a great extent directly at the points of production and consumption. This is why bread and flour products and nonalcoholic beverage production volumes are determined by the enterprises themselves and by the local soviet executive committees and are not ratified by republic and union ministries but are communicated by them merely as estimates. Local soviets are empowered to alter these plan figures on the basis of consumer demand.

In recent years the confectionery industry has grown at a rapid pace, and confectionery goods production volume in 1982 totaled more than 4 million tons, as compared with 2.3 million in 1965. This growth became possible thanks not only to construction of new enterprises but also specialization, renovation of many facilities, and organization of production of these items at local-jurisdiction mechanized bakeries and food processing combines.

Nevertheless demand for confectionery goods is presently not being fully met due to growth in personal cash income. This is evident with such items as fruit roll-ups, soufflé-type fruit pastry, halvah, and boxed candies, which is due not only to inadequate availability of the required raw materials and supplies but also to lack of manufacturing facilities. The economic indices of confectionery goods plant operations depend in large measure not on quantity of production but on product variety, which is determined by availability of imported raw materials (cocoa beans, nuts, agar, etc).

Malt is an initial raw material used in making beer; malt in turn is prepared from special brewing grades of barley. Thus this industry as well is linked to a certain degree with development of agricultural production, although breweries are to be found throughout our country. These facilities, just as bakery enterprises, vary considerably in production capacity, the magnitude of which is determined by the size of the population in a given area and level of beer consumption.

The beer and soft drink industry is a large branch of industry, totaling more than 550 breweries, approximately 300 malt production facilities, more than 1,300 shops for the manufacture of carbonated beverages and kvas, and 110 mineral-water bottling plants.

The products of the brewing and nonalcoholic beverage industry are categorized as highly perishable and poorly-transportable, which is the principal factor which determines the location of enterprises of this industry. The level of production and consumption of beer and nonalcoholic beverages varies considerably from one region to another. In the Estonian SSR, for example, average annual beer consumption per capita is 63 liters, while the figure is 10-19 liters in the Central Asian republics and 9 liters in the Azerbaijan SSR; per capita consumption of nonalcoholic beverages is 7 liters in Central Asia, and 23 liters in Georgia. Thus plants of identical production capacity can have a quite different utilization factor, and therefore noncomparable economic indices as well.

Agricultural raw material subjected to initial processing is also a basic material in the liqueur and spirits industry and in secondary winemaking. At the enterprises of these branches the initial raw materials (alcohol, wine materials) are processed to a completed state, and the finished product is bottled. They are equipped with high-output bottling lines, with a capacity of 3-6-12 and 24 thousand bottles per hour; automatic bottle-casing equipment has been installed at many enterprises. The products of these branches are highly profitable and have a high turnover tax rate. Production volume and mix are determined by consumer demand. A certain stabilization of volume and product mix has been noted in recent years.

Among winemaking industry enterprises, champagne wineries are unique in production process. Processes subdivide into the so-called classic and acratophore method of continuous champagne-making, which has gained wide acceptance both in this country and abroad.

There are 32 champagne wineries in this country, the 12 largest of which account for more than 80 percent of total production capacity. This is an indication of the high degree of concentration of production, but it is also the reason for the substantial volume of transport of champagne over considerable distances. Champagne is currently not being produced in the Central-Chernozem and East Siberian regions, in the Estonian and Turkmen SSR, as a result of which approximately 30 percent of champagne production is hauled to these areas from other areas and republics, which is inefficient.

The largest branches within the USSR Ministry of Food Industry system which do not produce food products are the tobacco industry and the perfumery-cosmetics industry. Their enterprises contain highly complex equipment, but at cigarette factories the percentage of worn equipment is very high, and these facilities require basic retooling. The product mix and product quality of perfume and cosmetics manufacturing facilities depend primarily on the quality of the raw materials as well as the materials used for containers and packaging.

The above general description of the principal types of food industry facilities enables one to determine the number of enterprises, their size, location, links with agriculture and, most important, realize that there is a large number of different products, involving a diversity of industrial processes and a highly complex organizational structure of management.

To a certain degree these features were reflected on the performance figures of food industry enterprises in the 10th Five-Year Plan and in 1981-1983. As a whole the food industry showed a fairly high rate of incremental production growth. In comparison with 1970, for example, total production volume was 130 percent in 1975, 140 percent in 1980, and 148 percent in 1982. The growth rate of industrial productive assets, however, was substantially greater: 143 percent in 1975, 188 in 1980, and 209 percent in 1982, which attests to a sharp decline in the capital-output ratio. This is due in large measure to the unsatisfactory situation in the meat packing and dairy industry, caused by regular underprocurements of livestock and milk. For the food and gustatory industry the dynamics of these indices are more favorable (in 1975 the growth rate compared to 1970 was 124 percent, 138 in 1980, and 149 percent in 1982). Branches involved in processing agricultural raw materials had experienced considerable difficulties in procuring adequate supply in the most recent five-year plan. This applies chiefly to the sugar and oil-fat industry, but it also has been occurring in the tobacco industry, essential oil industry, and others. Due to adverse weather and climatic conditions, for example, state sugar beet procurements in 1980 declined to 65 million tons, as compared with 71 million tons in 1970, and sunflower seed procurement dropped to 3.4 million tons as compared with 4.6 million. Underprocurements of these crops also occurred in 1981-1983. Only the incremental growth rate of grape and tea leaf procurements remains consistently high. This is sometimes achieved, however, at the cost of diminished quality of the raw material delivered for processing.

In recent years there has been noted a negative trend toward worsening of qualitative characteristics of agricultural raw materials delivered for industrial processing. Beet sugar content, for example, declined to 15.5 percent in the period 1976-1980 as compared with 16.4 percent in the 9th Five-Year Plan, as a consequence of which the sugar industry each year underproduced more than 600,000 tons of sugar. The degree of beet contamination with foreign matter increased to 12.7 percent in the 10th Five-Year Plan as compared with 9.9 in 1971-1975; content of mechanically-damaged roots increased to 50 percent, green mass to 10-20 percent, and excessively dried-out roots to 5 percent. This resulted in increased beet and sugar losses during storage and transport. Similar examples can be cited for other branches of industry. Underprocurement of agricultural raw materials and worsening of their quality lead to substantial losses to the nation's economy. In addition, as a result of this situation industrial enterprises undersupply various products to the trade network, fail to meet targets pertaining to budget contributions from profit and turnover tax, and substantially overexpend on payroll and other financial and material resources allocated for the plan-specified level of procurements. And what is most important, there occurs undermining of the moral and material principles of the fundamentals of socialist production, balance of plans, and the necessity of their assured execution. The rate of labor turnover increases sharply at enterprises which for many years running fail to meet plan targets, which subsequently affects not only technical-economic production indices but also quality of food products.

In conditions of implementation of this country's Food Program adopted at the May (1982) CPSU Central Committee Plenum, considerable importance is attached to balanced production plans pertaining to raw materials, supplies, labor, and other resources. All branches of the agroindustrial complex should be closely coordinated not only in regard to volume indices but also regarding system of social measures and mutual requirements on associated branches of industry (machine building, transportation, trade, etc). Deviations from ratified targets in any link of this chain immediately reflect on the performance figures of all interlinked branches. The years 1981-1983 were extremely unfavorable from this standpoint: industry underreceived a substantial quantity of raw materials, which led to underfulfillment of five-year plan targets for many branches of the food industry. The situation is aggravated by unsatisfactory progress of construction on food industry facilities and regular failure to bring production facilities on-stream on schedule.

There are few examples, however, of undercompletion of new facilities in one year being made up in subsequent years. As a rule fallbehind occurs. Therefore in order successfully to accomplish the targets of our country's Food Program, it is essential maximally to utilize the capabilities of already in-place production potential, to boost the equipment shift utilization factor, sharply to increase labor productivity and reduce nonproduction work time losses.

Targets in the 12th Five-Year Plan specify boosting average annual sugar beet production to 102-103 million tons, and sunflower seed production to 7.2-7.5 million tons, that is, to 115-116 and 136-141 percent over the level of the 10th Five-Year Plan. A substantial growth rate should also be achieved in procurement of tea leaf, grapes, tobacco, and other crops.

In connection with this, considerable targets have been assigned to the branches which process these raw materials, and they are to be accomplished not only by bringing additional production facilities on-stream but also by incorporating the latest scientific and technological advances, new types of high-output equipment, and improving manufacturing processes. These demands of course also apply to the second group of enterprises which, in conformity with the national Food Program, are also substantially to increase production volumes.

Per capita production in 1990 will increase over 1980 figures as follows: granulated sugar -- 40 percent; vegetable oil -- 60 percent; confectionery goods -- 10 percent; pasta products -- 20 percent; margarine products -- 40 percent; mayonnaise -- 50 percent, champagne -- 80 percent, grape wine -- 60 percent; beer -- 30 percent; tea -- 70 percent, etc. A decrease in per capita output is targeted for bread and flour products, vodka, liqueur and spirits.

Such growth rates are to be achieved with a significant improvement in product quality, an improvement in product mix, and an increased percentage of production in unit-packaged form. Production of children's food items, dietetic products, as well as protein and vitamin enriched items will grow at a priority pace.

Considerable capital spending will be channeled into implementation of measures to increase the degree of processing of raw materials, to increase the comprehensiveness of utilization of raw materials, and to reduce losses. According to figures of the USSR Ministry of Food Industry, more than 700 million tons of secondary raw material resources will be formed at ministry system enterprises during the years of the 11th Five-Year Plan (beet bagasse, sunflower residue, grape pomace, malt waste, distillery mash residue, etc). A portion of this waste goes into animal husbandry, but a large part is lost. This situation should be rectified in light of the demands of the Food Program.

The planning experience amassed in our country attests to the fact that no system of administrative measures will produce positive results if methods of planning and management of the economy are not reorganized at the same time. The national Food Program focuses all management and administrative agencies on improving planning style and methods, simplifying the organizational structure of management, and all-out development of economic management initiative.

There is taking place in the food industry, just as in other sectors of the economy, a constant search for economical methods of influencing the management activities of enterprises with the aim of increasing the efficiency of economic management and achieving end results with the least economic expenditures.

The magnitude of the effect obtained by achieving optimization of production growth and more efficient utilization of work time and other resources depends on the quality of plans as well as other instruments and methods of guiding collective labor. The higher the quality of management and the higher the degree of appropriateness of labor, the greater the useful results of labor will be, all other conditions being equal.³ The economic reforms being carried out in our country have helped accomplish these tasks. A food industry management scheme was ratified in 1975 and specified reduction of a large number of trusts

and main administrations and establishment of production, production-agrarian, republic, and all-union industrial associations. The reorganization of management made it possible in many republics to transition to a three and four-level scheme of management and significantly to consolidate principal-component management entities by integrating them. Almost 2,000 enterprises were converted into production units, with their legal independence eliminated. Practical experience of recent years indicates, however, that it was not expedient in all cases to eliminate entities at the middle level of management, to merge enterprises into a unified entity, and to take away from certain enterprises the powers of a legal entity. The forms of food industry management are constantly improving, the process of production concentration and specialization is continuing and, where necessary, production associations are being consolidated and established taking into account the specific features of the branch.

Specific branch planning peculiarities were not being adequately taken into account or powers pertaining to selection of appropriate planning and economic incentive indices given to ministries and USSR Gosplan were not being utilized in implementing measures specified by the CPSU Central Committee and USSR Council of Ministers decree entitled "On Improving Planning and Stepping Up Influence of the Economic Management Mechanism on Improving Production Efficiency and Work Quality." This was resulting in failure to adhere to specified timetables and procedure of plan formulation, in a lack of stable plan standards, with expansion of the list of indices ratified for the enterprises.

An economic experiment has been in progress since 1 January 1984 at enterprises of the Ministry of Heavy and Transport Machine Building, Ministry of Electrical Equipment Industry, Belorussian SSR Ministry of Light Industry, Lithuanian SSR Ministry of Local Industry, and Ukrainian SSR Ministry of Food Industry, for the purpose of improving the process of plan formulation and broadening of the authorities of industry production associations (enterprises) in planning and economic management activities and increasing their responsibility for performance results. Nine standardized documents were formulated and ratified in the course of preparation for commencing conduct of this experiment in the food industry. These documents spell out the principal points of the procedure of determining economic incentive funds, planning payroll fund, standard distribution of profit, forming of financial reserves, credit, payment of wage bonuses, as well as on the procedure of and timetable for formulating plans and evaluating economic activity.

The main purpose of the experiment is to expand the economic independence of enterprises in order to ensure continuous, maximal production incremental growth. The mechanism of payroll and incentive funding is grounded precisely on incremental growth of production volume and profit.

A standard of incremental growth (reduction) in payroll fund in kopecks per ruble of incremental growth (decrease) in commodity or normative segment of production has been established for the first group of branches of industry connected with the processing of agricultural raw materials, as well as for enterprises of local jurisdiction and the bakery industry. A standard incremental growth as a percentage of the base payroll fund has been established for the second group. The fund as of actual reported figures for 1983 is taken as the

base fund, minus total end-of-year carryover, or with an increase by the amount of relative savings (depending on the performance results of a specific enterprise in 1983).

Economic incentive funds are determined on the basis of incremental growth (decline) standard figures for each percentage point of profit growth (decline). Main emphasis is placed on mandatory fulfillment of the production deliveries plan. In the conditions of the experiment, evaluation of the economic activities of enterprises is performed on three indicators: product sales volume, proceeding from obligations based on contracted deliveries in conformity with the specified product mix, product quality, and product shipment timetables; percentage share of high-quality product in the overall production volume; increase in profit.

Upon fulfillment in each quarter, and by running total from the beginning of the year, of targets and obligations pertaining to goods deliveries, the material incentive fund specified for the corresponding period in the financial plan increases by 15 percent, while with underfulfillment it decreases by 3 percent for each percentage point of underfulfillment.

For enterprises processing agricultural raw materials, the maximum fund reduction cannot exceed 25 percent. Each year reserve material incentive, social-cultural measures and housing construction funds are to be established for these branches, in order to replenish funds in case of decline in fund-forming indicators for reasons not under the control of the enterprises (crop failure, worsening of quality of raw materials). Reserve funds are formed by contributions from profit above and beyond established standard contributions. The amount of contributions are differentiated by branch: 15.5 percent for the sugar industry, 10 percent for the alcohol and starch hydrolysis industry, and 16 percent of the funds total for the tobacco-fermentation industry.

In the conditions of the experiment, the ministry is also permitted to form profit and payroll fund reserves in larger amounts than specified by the statute on ministries presently in force.

In view of substantial fluctuations in quantities of generated profit and changes, in connection with this, in the status of working capital, enterprises of the UkSSR Ministry of Food Industry are permitted to form a financial reserve in an amount up to 5 percent of the standard figure for enterprise working capital. It is formed with above-target profit and a portion of incentive markups on wholesale prices for new improved-quality goods.

Another innovation is adoption of a provision which permits enterprises, if customers fail to take stocks for a period of one month, to sell products to other trading organizations at their own discretion and to credit this toward fulfillment of the goods delivery plan.

The need to expand the powers of enterprises in matters pertaining to product sales was evoked by declining demands for certain goods (liqueurs and spirits, wine, margarine, pasta products) in certain regions. Now enterprises, when one trading organization declines goods, will have incentive to market these products in other areas, where demand is not being fully met for various

reasons. These reasons were mentioned in the text of Yu. V. Andropov's address at the December (1983) CPSU Central Committee Plenum: "It also sometimes occurs that due to sluggishness on the part of people in trade and industry, ignorance of the actual requirements of the general public, as well as specific market conditions, certain goods are raised to the status of short-supply items in some instances, while in others they are piling up on store shelves and at enterprises."⁴

Additional incentives have been given to enterprises of all five ministries taking part in the experiment, incentives involving establishment of payments in addition to the basic wage rates for highly-skilled workers, engineers, technicians, and white-collar employees.

Beginning in 1984, retooling outlays paid for by the development fund are specified in the state capital investment plan separately for these ministries. Division of capital investment into centralized and noncentralized will make it possible to boost incentive for enterprises to achieve high performance indices, since performance results determine the size of the production development fund. Formerly the enterprise essentially did not control this fund -- source of financing capital investment.

The specific peculiarities of the economics of the food industry, which are expressed in a close linkage between the performance results of enterprises and agriculture, were reflected in the new procedure of formulating and refining plan indices. This procedure consists essentially in rigorously specified timetables for bringing into conformity the volumes of procured agricultural raw materials (taking their quality into account) and industrial product output. In conditions which are unfavorable to agriculture and consequently to the food industry as well, a system of two-stage plan refinements in combination with establishment of the enumerated reserve funds will make it possible totally to eliminate factors which are independent of the activities of an industrial enterprise, and thus will increase the responsibility of the latter for ensuring fulfillment of a balanced, realistic plan.

In this article we have cited only the distinctive and most specific features of the new methods provisions which have become the basis of the economic experiment being conducted at food industry enterprises in the Ukrainian SSR. Their application is scarcely advisable in other branches of industry. This once again stresses, however, the need for a differentiated approach to each branch and sector of the economy in any issue resolution of which is reflected in the end results of an enterprise's operations.

Incentive for enterprise workforces to achieve a high rate of growth of technical-economic indices enables the UkSSR Ministry of Food Industry to introduce proposals for increasing production volumes initially specified in the draft plan for 1984: a 10 percent increase in the production of granulated sugar, 8 percent for margarine products, almost 3 percent for pasta products, 5 percent for mineral water, 1 percent for cigarettes, etc. The total amount of increase comprised almost 300 million rubles in wholesale prices, while labor productivity growth was boosted by 1.1 percent over the initial level.

Both positive and negative factors will evidently be revealed in the course of the economic experiment, factors which must be taken into account in methods provisions and instructions. Only after thorough work on coordinating all economic instruments of the economic management mechanism will it be possible to recommend them and extend them to the entire food processing industry.

It was emphasized at the December (1983) CPSU Central Committee Plenum that selection of the most effective directions of development of the nation's economy and the principal elements which enable us rapidly to advance this country's economy along an intensive path is one of the urgent tasks of improving planning and management.

This task is assuming particular importance for the food processing industry, since its accomplishment means providing the public with high-quality food products, in a wide variety and in the requisite quantity, in other words accomplishment of this country's Food Program.

FOOTNOTES

1. "Obshchesoyuznyy klassifikator. Otrashi narodnogo khozyaystva" [All-Union Classifier. Branches and Sectors of the Economy], Moscow, Statistika, 1976, page 26.
2. K. Marks and F. Engel's, "Soch." [Writings], Vol 24, page 146.
3. Ibid., Vol 23, page 200.
4. "Materialy Plenuma Tsentral'nogo Komiteta KPSS 26-27 dekabrya 1983 goda" [Proceedings of the CPSU Central Committee Plenum, 26-27 December 1983], Moscow, Politizdat, 1983, page 19.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

OFFICIALS COMMENT ON LETTERS ABOUT CONSUMER GOODS SUPPLY

Moscow SOVETSKAYA ROSSIYA in Russian 14 Mar 84 p 3

[Article by SOVETSKAYA ROSSIYA political reviewer I. Yurchenko: "Department Representatives Comment on Mail about Consumer Goods: The Demand and the Plan"]

[Text] "Industry is producing more and more consumer goods, but a quite inexplicable deficit often arises. We can't buy an ordinary shoe brush here in Smolensk. V. Belodedov." "Bluing has disappeared from the stores F. Sokolov. Moscow." "I can in no way buy my little girl shoe skates that fit her. N. Pavlov. City of Vichuga." "There are plenty of articles made of wood everywhere! But try to find an axe handle. The fact is that a hatchet is also necessary in the economy. N. Razuvayev. Stavropol."

Such letters are received by the editors almost daily. Some of them were printed in the newspaper (see in particular the letter by A. Popov in the 11 December 1983 issue entitled "They Disappeared from the Market"), but they generated a new flow of distress signals. Most often, open-letter days were held in the oblasts and autonomous republics from which the letters came (such as in Kirov and Petrozavodsk). This produces results: steps were taken locally and in some cases with the help of the RSFSR Mintorg [Ministry of Trade] to expand the product assortment. But then came a new announcement from Karelia that there was a shortage of ball-point pens, pencils, paints, and sticks for young hockey players...

A portion of the complaints must be laid at the door of trade network workers and their inability to organize, for quite often this is not a scarcity at all, but miscalculations in the distribution of goods, which are sufficient for the country as a whole. But the mail from readers, the open-letter days and other materials show that it is not just a problem of trade, that it is broader. The review of

the January mail ("About Labor Affairs and Everyday Concerns," 4 February 1984) stated that production workers and the heads of planning entities and trade organizations must be invited in for a discussion of this subject so they could answer the consumers' questions. As the readers propose, the editors requested comments on the letters from representatives of industry, USSR Gosplan, RSFSR Gosplan, RSFSR Mintorg, Goskul'ttorg [exact expansion unknown], Roskhoztorg [RSFSR Ministry of Trade Republic Office for Household Goods Wholesale Trade] and other organizations and establishments.

One Hundred Riddles, Or a Thousand Trifles from Different Viewpoints

Let's begin with how best to study demand in order to satisfy it more fully. V. A. Pronin, chief of RSFSR Minmestprom [Ministry of Local Industry] planning and economic administration, expressed what is at first glance a simple thought. An entire network of scientific research establishments which study the population's needs functions in the country. It is enough for them together with trade services to come up with the existing norms of demands per capita and it will be easy to formulate a plan and a product mix.

Seemingly a really simple arrangement, but take note that the wording "Tell me how many and what kind..." contains a not very noticeable but rather complicated contradiction if we place the stress and emphasis on the words "what kind." This was explained in understandable examples by M. S. Gel'fenboym, deputy chief of an RSFSR Mintorg administration. The norms and price lists contain some ten type sizes of axe handles, and this is one of the simplest articles. It is a much more "intricate" matter to explain who needs what kind and how many. It is of course possible to meet the average per capita need if everyone including cooks were armed with woodcutters' axes.

People who are knowledgeable in trade know that a "mysterious" law operates in supplying the population: the more completely needs are satisfied, the more the demand grows. This occurs, if we rephrase a well-known saying, not from bad living but, conversely, from good living and from its improvement.

We'll try to explain this in an example using ultramarine bluing and flypaper. You will agree that out of a multitude of things of trifling importance you will hardly find anything more trivial than these commodities, especially for the high-capacity chemical industry (other sectors are involved with these goods, but it was the USSR Minkhimprom which created the problem above all). Roskhoztorg Deputy Chief G. S. Mikhal'chenko confirmed that their deliveries really were curtailed sharply of late. The question of why this happened she addressed to Soyuzbytkhim [All-Union Household Chemical Goods State Cost-Accounting Production Association] chief V. A. Yablokov, sitting opposite her.

We will not quote the entire dialogue here, but the substance of the situation is as follows. The chemists are building up capacities to produce detergents and believed that now there was no special need for bluing.

But in this instance technical progress did not expect to stumble against the obstinacy of a large number of housewives who do accept new things but to their dying day don't wish to give up something habitual.

And the story of the flypaper... The chemists found a new means for clearing flies from a home--muksid. It is better and more hygienic but, true, it costs twice as much. But let's assume the customer is agreeable to paying not ten but twenty kopecks (we will reduce the discussion to a somewhat simplified format for clarity). But the Minkhimprom took the capacities to produce the new item to only about half of the volume necessary to satisfy the population's needs. Now see what a very curious "chemical" conversion occurred with the muksid, flypaper, kopecks and the plan. The demand (in "items") has been half satisfied but the plan (monetarily speaking) is being fulfilled by the same one hundred percent and even higher. Soyuzbytkhim is a hero! But what did this give to the customers? The fact that half of them left the stores with a new item of technical progress and the other half was left both without muksid and without flypaper.

How Many Stars, Or Is There Hope to Count Them All in the Sky to the Last One and Is a Complete List of Them Needed at All?

"What is the consumer goods assortment like? Are there many being produced at all at the present time? Who handles this?

N. Pavlov. Omsk"

To the question of "how many?" RSFSR Gosplan announced: 172 billion.

USSR Minkhimprom responded: 3 billion for the sector.

But it is understandably not a question of a products list, but about production volumes in rubles, in monetary terms. No one can say even approximately what is behind these billions--what kind of commodities.

The All-Union NII [Scientific Research Institute] for the Study of Consumer Demand provided information that the figure was 400,000, but with the stipulation that this figure includes kinds of commodities but not all of their varieties.

In short, all these estimates ended with a certain parable: "How many stars in the sky?" "A million!" "How about exactly?" "You check it!"

This was not said as an idle joke. The very fact that it is impossible for scientists to determine the entire assortment in central planning and accounting entities also precludes the requirement that people here in Moscow also resolve all matters involving the products list: how many of what, and where is it required? The important thing is that this isn't necessary; it would lead to such centralization as to shackle local opportunity and initiative. The fact is that much more is apparent locally.

By the way, though, is everything apparent within the oblast? Here we also came across a unique threshold of visibility. We turned to the Bryansk Oblispolkom planning commission.

We wanted to have a look at the assortment of articles which the industry of Bryansk Oblast puts out for trade. After a certain hesitation we were asked to wait, then the discussion was put off for several days...

Here's what we found. There is no single list of commodity descriptions in the oblast plan, but since the correspondents "arrived unexpectedly" an assignment was made to compile one urgently. A specialist, an experienced woman, was put on the job, but she had to collect information, request data, make extracts, and so on and so on. She became horrified on seeing the mountain of documents she had to dig through and the forest of figures she had to recount.

The question arises: Is it good or bad that there is such a great multitude of product descriptions?

It is good: the larger and more diversified their assortment, the wider is the consumer's selection. But it is bad that the count is made only in rubles and sums and that one can't see the forest and the products lists for the mighty tree of financial volume. The fact is that the consumer doesn't need millions or billions, but only a filler for a ballpoint pen or a clothes brush.

Just where is the solution to this problem to be sought?

We spoke on this account in USSR Gosplan with R. A. Lokshin, deputy chief of the trade turnover department, and A. S. Neshityy, chief of the subdepartment of balances and plans for the distribution of manufactured goods. Their answer was that the list of commodities for which production and sales are planned centrally by USSR Gosplan is specific, and that it is broader in the republics' planning entities but it stands to reason that it doesn't take in all "stars" and they shouldn't have to assume all responsibility. A large number of issues can be resolved locally, but this is hindered by the desire of some kray and oblast heads to "drag" all problems to Moscow.

The desire to do this is seen rather often. Our correspondent asked V. K. Nikolayev, deputy chairman of the Ryazan Oblispolkom, about the state of affairs in the sphere of consumer goods. He responded that in general things are going rather well. Last year the output of goods rose 4.2 percent and the plan was overfulfilled. This was of course in monetary terms. He noted however that "there are warped areas in supplying the population." And he added: "But this is not an oblast problem; it is a problem for the center, particularly the republic trade establishments. They know there where there is a shortage of which commodities and where there are surpluses."

As you see, he divided the successes and shortcomings between the oblast and Mintorg and the RSFSR Gosplan according to the principle of "the percentages are ours, but the warps are yours."

And here is another approach to exactly this very same situation. The Klintsy Piston Ring Plant also manufactures children's sleds, but their production was double the demand. It could have been done simply: cut production in half. But it was decided differently: capacities were shifted to other articles, spare parts for Zhigulis, and the reorganization was done quickly in four months. It is understandable that not everything was decided locally; the wholesalers and ministry workers had to be included, and not just one, but the initiative stemmed from the manufacturers.

Of course it is impossible to demand an ideal situation where supply and demand would coincide for all product descriptions and in all populated points for all one hundred percent, if only because life is life and human needs are inscrutable. But it is a question of a dynamic equilibrium, the maximum possible convergence of the products list, production volumes and the population's needs.

Does a mechanism for such convergence exist?

It does. It is--

The Trade Fair. A Story about What Occurs There, with What Purchases and Mood Its Visitors Depart, and about the Little Girl and Grandfather Who are Looking for Shoe Skates

The trade fair! A parade of goods. Exhibits, new items, samples. Try it! Here is where supply and demand have come together.

At one time wholesale trade fairs were held at the initiative of local party and soviet entities as an experiment. It was prompted by the need to find the form of closest contact between suppliers and consumers. Trade fairs now have been legalized and are held in oblasts, krais and republics. Here contracts are concluded between trade organizations and industrial enterprises for the delivery of goods, i.e., for wholesale purchases, and there is an inter-republic exchange. There is for now nothing simpler and at the same time more effective: the purchaser submits an order and the supplier puts in the showcase all the merchandise he can supply.

But why did Roskul'ttorg [RSFSR Ministry of Trade Republic Cultural and Sports Commodities Wholesale Trade Office] return from the last trade fair with such a sad, disappointed mien?

"Because," responded an RSFSR Mintorg representative, "it came away with an unsatisfied demand worth 2.5 billion rubles. This is a third of everything planned to be purchased."

The problem is not that there is a general lack of commodities at the large all-Russian market, but there is a lack above all of those commodities for which there is no let-up in consumer demand at the shops. But there is a surplus at the consumer goods parade of those which are not very much needed--either the market is oversaturated with them or they are of inferior quality or they are unsuitable in external appearance.

By the way, it seemed there should be no particular reason for despondency of the trade establishments, and it is not too late to correct the situation. The fact is that the trade fairs are held before plans and the products list are approved. Industry workers can and must reorganize and think how best to satisfy the population's needs.

They can and must. But here's the rub.

...We are sitting at the editorial desk and quoting a letter: "How can it be explained that with a shortage of a large number of things products which are not in demand are coming to the shopping centers?"

What do the manufacturers think about this?

We quote a verbatim account:

"You see," says a Minkhimprom representative, "consumer demand is one thing, but the plan is something else. A system of technical and economic indicators has taken shape for us at Soyuzbytkhim by which we evaluate the effectiveness of our work. Were we to try to reorganize on the basis of other requirements which are, conditionally speaking, not technical and economic but human, immediately all our indicators would creep downward. . . . The ministry wouldn't understand us and would ask: How can it be that your effectiveness was growing all the while, then suddenly... The more so if we begin to produce more inexpensive products in addition."

Does that mean the system of indicators is at fault for everything?

The above "logic" does not consist of words dropped at random; it is a rather widespread manner of thinking for some business executives.

We won't study the history of indicators which have come into existence for use in the USSR Minkhimprom, but we will remind its directors of the procedure established by the government. First of all, plans for producing consumer goods must be formulated on the basis of economic agreements according to requests of trade representatives. In case the proposed commodity is not accepted by them the associations and ministries are obligated to make adjustments to draft plans, in favor of demand of course.

In this light the reasoning of Soyuzbytkhim Chief V. A. Yablokov quoted above indicates merely that the ministry practices a system for violating established procedures.

Unfortunately this is also the practice in other ministries, and at times even despite the protests of their own workers. I. Ilyushin, acting chief of the RSFSR Minmestprom Metal Articles Production Development Administration, cited the following fact. Of all samples which their enterprises submitted to trade fairs, trade did not accept 18 kinds. Nevertheless they were included in the plan by someone.

Where is this "someone"? We won't seek him out. We hope that ministry heads will look into this very knowledgeably.

Yu. A. Burnashev, deputy chief of the consumer goods department of RSFSR Gosplan, took part in the examination of mail from readers. He helped clear up a large number of questions and also directed attention to the following aspect of the matter.

There still remain large unused capacities at enterprises--resources and raw materials, including from industrial waste. They were little studied previously, and a genuine careful accounting has only begun. It is being learned that the production of many kinds of articles can be arranged locally without centralized quotas from above and without long shipments from Vladivostok to Velikiye Luki, figuratively speaking.

Let's take three examples. The first is the shoe skates which the little girl and grandfather were seeking as they hit all stores in the city. Footwear is planned and distributed on a centralized basis but it is simpler with skates: they can be made even from the waste of many metal working plants. It remains here only to determine the needs and consider them in an economic agreement.

It is much simpler with the kitchen board. The demand for it, the assortment, the type sizes and production volumes in many cases can be taken into account and planned in the oblasts.

But if we take an ironing board then the cooperation of two or three enterprises already will be necessary. But who hinders this? And is it mandatory to go to Moscow for this? No! The only thing needed is initiative and enterprise.

How can the interest of industrial workers be generated in this? In principle there is a solution to the problem: convert the enterprise relationships, cooperation, joint arrangement for production and the sale of consumer goods to a commercial basis.

We also should heed the following suggestion. N. Alferov writes from Khabarovsk: "Everyone involved in industry from the director to the worker must have a material incentive for producing the goods which people need."

His thought can be developed. Isn't it worthwhile, by expanding the form of wholesale trade fairs, to place plants and factories under those conditions where they sell their goods? Not in stores, of course, but through trade establishments. But for them to sell! If the products are snapped up they gain, and if not they lose. Hence you have everything: the abuse, the praise, the financial loss and the bonus.

And so what conclusions are suggested by the discussion of readers' mail?

Everything is clear concerning those commodities where production and sales are planned centrally: only a discipline in execution is required.

Local entities of authority also are given the right to establish planning quotas for the manufacture of the simplest articles for enterprises situated in an autonomous republic, kray or oblast regardless of departmental subordination in order to satisfy the population's needs, and with consideration for export based on trade organization orders. There are requests everywhere and there are no questions about this.

It is only when a need arises for the cooperation of plants located in different places that the help of Gosplan and Mintorg is required. The mechanism which would prompt enterprises and organizations to take greater initiative and to seek such opportunities also has to be worked out better.

Constructive, specific suggestions also are aimed at this. It stands to reason that the discussion has not been exhausted. It probably will be supplemented by readers and by workers of industry and trade.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PROBLEMS OF TRANSPORTING GOODS IN FAR NORTH

Moscow SOVETSKAYA POTREBITEL'SKAYA KOOPERATSIYA in Russian No 2, Feb 84 pp 14-15

[Article by Candidate of Economic Sciences A. Bernval'd: "Problems of Transporting Goods in Northeastern Regions"]

[Text] The effectiveness of cooperative activity in the country's northeastern regions depends in many respects on the organization of cargo transportation. The share of transportation expenditures is especially great in the Far North. In the Magadan, Yakutsk and Kamchatka potrebsoyuzes, for example, it amounts to 5 percent of goods turnover--three times as much as in cooperative organizations in Povolzhye, the Central Urals and the south of Western Siberia.

Of course, the remoteness of these regions and their difficult natural and weather conditions have an effect. Delivery of commodities here is connected with additional costs. Nevertheless, it is wrong to regard large transportation expenditures as unavoidable. They must and can be considerably less.

Foodstuffs are delivered to many northeastern regions from economically developed centers located in the European part of the country. The distance to some of them is 8,000-10,000 km. Meanwhile, the road for commodities can be considerably shorter if the share of their delivery is increased from the south of the Far East and Siberia and Central Asia.

Much has already been done in this direction. However, it is still far to complete satisfaction of the northerners' demands through commodities produced in the aforementioned nearby regions. Consequently, it is necessary to rationally organize distant deliveries and to more fully use the reserves for making them cheaper.

There are many such reserves. One of them is a sharp reduction in the transshipment of cargo. At present, an excessive disintegration in the delivery of commodities is characteristic of some northeastern potrebsoyuzes. For example, commodities addressed to the Yakutsk Kholbos Potrebsoyuz come from a great number of shippers directly to rayon cooperative organizations and even to stores. As a result, the commodities arrive without preliminary processing of the production variety into commercial. This leads to overstocking of retail goods and trade losses.

It should be stressed that under conditions in the Northeast possibilities are extremely limited for efficient maneuvering of commodity stocks and redistributing them among cooperative organizations even within one oblast. Errors and miscalculations in this work result in great losses. This is why it is important to thoroughly substantiate orders for commodities. An important role here must be played by wholesale bases, which should generalize orders of cooperative organizations and enterprises, analyze them, establish long-term economic relations with industry, receive production variety commodities in large batches (in carloads and containers) and form commercial variety with consideration of specifics and requirements of each region, efficiently maneuver commodity stocks, redistribute them and bear full responsibility for the supply of retail organizations and enterprises with commodities.

Such experience already exists in the Magadan and Kamchatka oblast unions of fishermen's cooperatives [oblrbybolovpotrebsoyuzy], which have taken the path toward establishing large wholesale bases. This has made it possible to form deliveries in larger units and to deliver all manufactured goods via direct mixed railway-waterway transportation by bypassing transshipment bases at railway terminals.

The Yakutsk Kholbos Potrebsoyuz, we believe, should study this experience and begin establishing similar wholesale bases that are able to organize transportation of goods and be a reliable barrier against goods of poor quality and goods which were not ordered getting into trade. There are no wholesale bases or offices of the RSFSR Ministry of Trade in the territory of the autonomous republic, which would form commercial variety and participate in organizing the process of goods transportation.

A major reserve for improving the supply of commodities and making transportation of goods cheaper in the region being examined is in regulating tariffs, which are being used on individual routes and means of transportation. For example, prices are unjustifiably high for delivery of goods on the maritime sector from the port of Tiksi to the mouths of the rivers Kolyma, Indigirka, Yana and Anabar and the port of Pevek. This forces cooperatives to use a less reliable version for delivery of goods--by the Northern Sea Route. The cost of delivery is cheaper in this case, but goods remain for a long time en route and do not reach the places of their consumption during the navigation season.

The tariffs, which were established by the Northeastern Maritime Fleet Administration, are not substantiated economically. Exceeding transportation costs twofold, they only contribute to the administration obtaining large profits, but are a great burden for trade organizations and a cause of artificial increase in transportation expenditures.

Unfortunately, this is not the only case. The same situation exists in the Lena Steamship Company. Here on the Osetrovo-Tiksi sector the tariffs also exceed transportation costs two-five fold, owing to which the development and expansion of economically profitable through shipments of goods on the Lena route is being restrained.

The cargo transportation costs on refrigerator ships of the Far East's fish industry have been unjustifiably increased. They are considerably higher than on ships of the Ministry of the Maritime Fleet. For example, in order to deliver perishable cargo on refrigerator ships of the Kamchatka Oblast Fish Industry Administration [Kamchatrybprom], cooperatives have to pay six-eight fold more than on ships of the Ministry of the Maritime Fleet [Minmorflot]. They cannot refuse to use the departmental refrigerator fleet because the far eastern steamship companies do not always accept cargo for delivery to remote cooperatives.

The situation is aggravated by the fact that unloading of goods is poorly organized in areas of the Okhotsk Sea and the Kamchatka coast. In all ports, with the exception of Nagayeva and Petropavlosk-Kamchatskiy, it is done on a roadstead. Payment for roadstead operations is made at the expense of consignees according to local tariffs, whose level is very high and depends on the work costs at fishing combines which conduct unloading with their own manpower and means. The practice insistently demands adopting measures aimed at improving unloading. But for the time being, it is believed, the expenditures for transporting goods by waterways on the conditions of free on rail (ship)--station (wharf, port) of destination should be compensated by suppliers.

Air transportation is of great significance for the uninterrupted supply of commodities to the inhabitants of the Northeast. However, the high payment for deliveries at special trip rates per flight hour and cargo tariffs according to the second group of air routes also limits the possibility of its use.

The existing system of cargo tariffs in air transportation was introduced 20 years ago. It really corresponded to expenditures at that time. But since then, as testified by a study of the Complex Transportation Problems Institute, the cost of air transportation has been reduced nearly one-half. The rates, however, remained unchanged. Apparently, there is also an urgent need here for reviewing the tariffs, and, above all, this applies to special trips, the payment for which is especially without substantiation.

Great possibilities for innovation of goods transportation are in improving the mechanism of basic and supplementary commercial and wholesale-marketing discounts, forms of compensating for transportation expenditures and redistributing the latter among various links in the goods transportation process.

According to the regulations now in force, the wholesale-marketing, basic and commercial discounts should not only cover the expenditures of trade enterprises connected with delivery and sale of commodities, but also ensure a sufficient profit. The level of profitability should be within the bounds of 3.8-4 percent to goods turnover, and in cooperative organizations in northern and eastern regions, where expenditures of living and embodied labor are greater, even more higher. Meanwhile, actual profitability of the latter is two-three fold lower than the average for the Tsentrosoyuz. Moreover, some fishing cooperatives in polar regions are operating at a loss in general.

The main reason is because the commercial discounts do not make up for the expenditures. At a time when the level of distribution costs in some cooperatives reaches 52 percent to goods turnover, the amount of discounts totals only 25-30 percent.

The delivery and sale of commodities is a heavy burden on remote potrebsoyuzes because the system of basic and supplementary commercial discounts now in force and the mechanism for distribution of transportation expenditures among participants in the goods transportation process do not fully reflect the activity conditions of cooperative organizations, which are sharply different from the ordinary ones. This cannot be tolerated any longer. It seems that commercial discounts and the amounts of compensation for expenditures in the Northeast must be established for every cooperative organization by taking into account the specifics of goods transportation. To do this it is necessary to conduct a deep differentiation with consideration of the features of goods delivery, the types of transportation used and the character of shipments.

Ordinarily, the distribution of transportation expenditures among suppliers and consignees depends on franking. With the price of free on station (wharf) of destination, all expenditures for delivery of goods is paid by a marketing organization or a manufacturer of production. But expenditures for transferring goods from railway transportation to water (river or maritime) transportation and for transporting them by waterways to wharves of destination must be paid by consignees, who are then reimbursed by suppliers for expenditures that are above those provided by basic and supplementary commercial discounts.

It is being done this way. But the trouble is that the amounts of reimbursement for expenditures established by the instructions are such that they do not cover the actual expenditures of cooperative organizations. They have remained as before even after repeated changes (raising) of tariffs for shipments and services connected with the delivery of goods (payment for roadstead unloading, cargo processing in ports and so forth). For example, the cost of shipping many kinds of goods to wholesale bases of the Kamchatka Oblast Union of Fishermen's Cooperatives alone exceeds the reimbursable amount by 30-75 percent, and for some goods even more--by two-six fold. Specifically, the cost of delivering 1 t of cotton fabrics from the port of Nakhodka to Ust-Kamchatsk amounts to 1.3 percent to the retail prices, but only 0.2 percent is reimbursed.

In order to find some way out of the situation, the high actual expenditures for transshipment and delivery of goods are covered at every step in the potrebsoyuzes by redistributing the basic commercial discount. Thus, in the polar groups of cooperatives of the Yakutsk Kholbos Potreboysuz more than one third of actual expenditures are not covered annually by basic and supplementary discounts and reimbursements and their profitability is maintained through internal redistribution of the gross income among all organizations. Moreover, the redistribution of own working capital and rendering of financial assistance to cooperatives is carried out not in the form of long-term loans with payment of interest for their use, but free of charge in an administrative order.

But let us return to the basic commercial discounts. Among the reasons why cooperatives in the northern zone receive too little of them is also the existence of departmental wholesale-transshipment bases.

The basic discount is given to trade organizations to cover expenditures for shipping goods within the bounds of only an average of 10 km and their sale to the population, but not for delivering them to wholesale bases and then reshipping to cooperative organizations. Therefore, in delivering goods directly to cooperatives they should receive the basic commercial discount in full from transshipment bases, and in shipping goods to bases of oblast unions of fishermen's cooperatives also a supplementary discount which is necessary to cover expenditures for further reshipping.

This is provided by instructions. However, in reality much is different. Already for many years some cargoes for the Magadan, Kamchatka and Sakhalin potrebsoyuzes go through the wholesale-transshipment base of the Far Eastern Office of the Rosglavkooprybseverotorg [not further identified], which is located in Vladivostok. The office collects for processing cargoes a differentiated markup for potrebsoyuzes from the amount of basic commercial discount and all supplementary commercial discounts and compensations remain at its disposal. It assumes only expenditures for transshipment and delivery of cargoes to a roadstead unloading point. This system reduces the income of the final link, which in addition to ordinary expenditures also bears expenditures for expensive roadstead unloading and reshipping goods to retail trade.

There's no denying that the transshipment base of the Far Eastern Office must make up for its expenditures used for transshipping and delivering cargoes. But it must be done according to the instructions on the order of using commercial and wholesale-marketing discounts for consumer goods, that is to strive to get full compensation for expenditures from suppliers.

At present, with the great number of small suppliers and consignors and the absence of sufficiently large wholesale bases in the activity zone of oblast unions of fishermen's cooperatives, which could receive goods via direct mixed railway-waterway transportation, there is still a need for wholesale and wholesale-marketing bases at the junction points of railways with water transportation. But unified principles are needed for distribution of income among them and consignees and for reimbursement of expenditures.

In order to define them, it is necessary to consider everything well and to thoroughly study the accumulated experience. For example, for quite a long time the entire amount of gross income (including basic and supplementary discounts as well as compensations) are placed at full disposal of the Nakhodka Trade and Purchasing Base of the Kamchatka Oblast Union of Fishermen's Cooperatives. On the other hand, in shipping goods to fishermen's cooperatives the base does not give them a commodity price list discount but a differentiated one according to organizations. The amounts of these discounts are confirmed by the board of the Kamchata Oblast Union of Fishermen's Cooperatives. The same approach is used in redistributing commercial discounts by the Osetrovskaya and Bol'sheneverskaya wholesale-transshipment bases of the Yakutsk Kholbos Potreboyuz.

There are also other examples of compensation of actual expenditures for the delivery of goods. Specifically, by a decree of the USSR Ministry of Finance all actual expenditures in the Kamchatka Oblast Union of Fishermen's Cooperatives related to loading and unloading some goods at certain areas of the Koryak Okrug (Penzhino, Paren and Rekinniki) are reimbursed to cooperatives from the budget.

Proposals that are made by economists must also be taken into account. Thus, some of them believe quite reasonably that it is expedient to transfer basic commercial discounts to cooperative retail trade organizations and enterprises and to give supplementary discounts and compensations, corrected in accordance with actual expenditures of wholesale and wholesale-transshipment bases, to the wholesale links. In this case the expenditures for roadstead unloading must be borne by suppliers.

Another proposal was also submitted. Taking into account the specifics in organization of goods transportation in the region and the complexity and inefficiency of the system of basic and supplementary discounts and compensations now in force as well as the practical impossibility in defining optimal (normative) levels of commodity expenditures for delivery of goods to every trade system, organization and enterprise, to allow in the order of exception compensation of actual expenditures to trade organizations for delivery of goods within the bounds of general tariffs now in force on all types of transportation as well as within the bounds of tariffs and rates for cargo-handling work, which were confirmed by ministries, departments and local soviets of people's deputies. To do this it is necessary to give up the system of supplementary commercial discounts and compensations and to disseminate the existing order of compensation for actual expenditures for all types of goods to every organization and department, and in doing this to take into account not only transshipments by water but also other means of transportation (motor and air).

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HOUSING AND PERSONAL SERVICES

WORK OF SERVICE ORGANIZATIONS IN KISSR TO BE IMPROVED

Moscow EKONOMICHESKAYA GAZETA in Russian No 6, Feb 84 p 17

/Article by M Shamenov, deputy chairman, Kirghiz SSR State Committee for Labor, Frunze: "No, It Is Not a One-Time Campaign. Improvement in the Work of Kirghizia's Service Organizations and Enterprises"

/Text/ The decisions of the party and government adopted at the beginning of last year requiring application of correct work procedure pointed to the serious shortcomings in the work of service enterprises and organizations.

From the positions of the new requirements, many ministries, departments, and organizations of the Kirghiz SSR have done much to improve service to the public.

Multi-purpose receiving centers which provide services for the repair of clothing and footwear, dry cleaning of articles, and haircutting were opened by the Ministry of Domestic Services for the Public at 12 enterprises of the republic capital, including a worsted cloth combine, an instrument plant, the Agricultural Machine Building Plant imeni Frunze, and others. In addition, individual types of services that also save workers' time are provided at 20 enterprises. Similar work is also done at enterprises of other cities of the republic.

The initiative of the Frunze City Post Office deserves praise. It brought 600 people who worked part-time into the service of the public. This made it possible to utilize the labor of pensioners, housewives, and other categories of the population; this improved mail service in the city.

The specified work schedules of the housing administration in the system of the Ministry of Housing and Municipal Services provide admission of the public and filling of orders on a sliding schedule from 0800 to 2000 hours daily, excluding Sunday.

More than 80 percent of the nonfood stores and 57 percent of the food stores of the republic Ministry of Trade finish work between 2000 and 2100 hours. Forty stores with extended business hours that finish work

2200 to 2300 hours have been opened in the cities. The work schedules of public food service enterprises have been adjusted. Order desks for the sale of semiprepared foods and culinary and confectionary products are operating at 292 industrial enterprises and construction organizations in the republic.

A Sunday work day has been established for the majority of consumer cooperative stores; approximately 70 percent of them operate on an uninterrupted work week schedule.

The work regime of the agencies of internal affairs, the procurator, and justice has been improved. A single schedule for admission and service of citizens at passport offices, address information bureaus, registration-examination sections and departments of the State Motor Vehicle Inspectorate has been established throughout the territory of the republic. Work regimes that provide service to the public from 0800 to 2000 hours have been established in legal consultation offices and notary offices.

Positive changes have taken place in the organization of the work of health and educational institutions. Daily work of outpatient polyclinic institutions from 0800 to 2000 hours has been organized in city and rayon centers. On Sundays and holidays, doctors on duty see patients from 0800 to 1500 hours. Treatment rooms and physical therapy rooms of the outpatient polyclinic institutions are open from 0800 to 2000 hours daily, including Sundays.

The majority of children's preschool institutions of the Kirghiz SSR Ministry of Education have changed to a 12-14-hour work day; more than 650 kindergartens and children's nurseries have switched to a 6-day work regime; the number of groups accepting children for a 24-hour stay has increased. And the Issyk-Kul Oblispolkom solved the problem of supplementary allocations for the care of the extended groups in children's preschool institutions.

There have been definite improvements in transport work. In Frunze, traffic schedules for bus and minibus routes are coordinated with the beginning and ending of shifts at industrial and construction organizations. Passenger taxis operate around the clock. All airplane ticket offices of the Transportation Agency serve passengers until 2100 hours. The Central Air Services Agency of the Civil Aviation Administration takes orders for airplane tickets by telephone and delivers them to the home or place of work.

When giving credit to what has been accomplished, however, one should note that the improvement and maintenance of established work regimes of enterprises, institutions, and organizations serving the public have not been approached everywhere with the proper responsibility and exactness.

For example, work regimes are set for enterprises of the republic State Labor Savings Bank Administration, especially in rural localities, without considering local conditions and peak service hours and days of the week.

Flagrant violations of the established regimes have been exposed in a number of rayons in Osh, Talas, and Issyk-Kul oblasts. For example, in the city of Kara-Kul in Talas Oblast, the work regime of children's preschool institutions has not been revised, which creates an inconvenience for many working people. In Toktogulskiy Rayon of the same oblast, the work of the motor vehicle technical service center was not reorganized with consideration of the requirements of car enthusiasts. In Aravaaskiy Rayon, Osh Oblast, the work of municipal services is conducted as before.

An inspection has shown that some directors reorganized their work only in a formal manner: In some places signs were made announcing the new regime, but they operate according to the old schedule. Just such cases are met with when inspecting the dry-cleaning and clothes-dyeing centers in the city of Talas and the rural stores in Talasskiy Rayon. The situation in Osh Oblast is especially alarming: In this area, one out of three enterprises and organizations serving the rural public violated the new work regime.

Many enterprises and organizations do not inform the public at all of the new schedule on which they are operating. None of the stores that were inspected in Aravanskiy Rayon, Osh Oblast, had signs with the new work hours. Naturally, the public did not know about them.

Unfortunately, there are still many irregularities in domestic service for the rural public. There are many criticisms because of poor receiving centers. The domestic service workers, the service enterprise managers, and the local soviets must solve this problem. But some of them do not want to take on additional troubles. For example, in the Dzhalpaktas Sovkhoz in Uzgenskiy Rayon, Osh Oblast, the dilapidated facility allocated as the receiving center did not meet the safety requirements and storage regulations for physical assets. For this reason the center was closed, but the farm managers did not provide an alternate facility. And the leaders of the Kaynar Sovkhoz in the same rayon completely refused to allocate a facility for a receiving center.

Cases have also been exposed of violating the requirements to improve labor organization and to reinforce labor and production discipline on the part of workers serving the public.

All of these cases were discussed at a meeting of the appropriate commission of the Presidium of the Kirghiz SSR Council of Ministers, which turned the most serious attention of the leaders of the ministries and departments of public services and ispolkoms of the local soviets of people's deputies of the republic to the shortcomings in the public

services. Measures are being adopted locally. But they must be more decisive and effective to meet the requirements of the day because the improvement of service work is not a one-time campaign, but constant work. In light of the decision of the CPSU Central Committee Politburo on the necessity of developing a comprehensive program for consumer goods production and a system of public services, the problem cited requires particular attention.

12478
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HOUSING AND PERSONAL SERVICES

NEW HOUSING SUFFERS FROM MULTITUDE OF DEFECTS

Moscow STROITEL'NAYA GAZETA in Russian 28 Mar 84 p 3

[Article by V. Kamenskiy, manager of the Production Trust of Housing Services (Kemerovo): "Repair After the House Warming"]

[Text] On the eve of the occupancy of the new nine-story house 45-B along Moskovskiy Prospekt Galina Khrapova, construction superintendent of the general contracting Construction Administration No 4 of the Kemerovo House Building Combine, and I went round the apartments.

"Why do pieces of wires hang down in the rooms instead of sockets for light bulbs?" I asked.

"Who needs these sockets?" she replied coolly. "The tenants all the same will hang chandeliers."

"And why is the wallpaper not pasted everywhere, and the colors are kind of 'roosterish'--in some apartments up to five different colors are used?"

"Well you see, the housewives will surely smooth the walls, and the wallpaper will end up in the dump."

"Look: the linoleum has bubbles. You did not glue it, did you, but simply laid it without any preparation."

"It is nothing terrible: the tenants will cover the floors with rugs or runners, and no one will notice the bubbles."

That is what the dialogue was like. An "irresistable" argument, which justifies the obvious flaws in workmanship and defects, followed any remark on the quality. It must be assumed that such a point of view among the middle level engineering personnel had taken root not suddenly and not without the tacit agreement of the managers of the house building combine--L. Tselishchev, its chief, and chief engineer V. Z'bov. They and their immediate assistants, judging from the results of the economic activity, are concern not so much about the meeting of the interests of the tenants as about the quantitative indicators in the report. This is confirmed by the increasing number of complaints of new settlers, who are forced to busy themselves with repair work immediately after receiving the voucher for an apartment. At first they

eliminate on their own the imperfections in the decorating, but then when the roofing begins to leak and the seams freeze, they unsuccessfully storm various instances in search of satisfaction from the careless workers.

I will cite an example. In the 38 apartment houses of bearing-wall construction of the oblast center, which were erected during the period from 1978 to 1982, the roofing began to leak soon after occupancy. The repeated instructions of the main administration on immediate repair remained on paper. Then the executive committee of the city soviet studied the question. It obliged the guilty parties to put the roofing in order by the beginning of last fall, having threatened otherwise to turn the case over to the prosecutor's office. But the roofs on these houses are in the same condition, and with the onset of spring the ceilings in the apartments "will begin to cry" again, the flow of complaints will resume.

Numerous commissions are attempting to get to the bottom of the technical causes which are responsible for the freezing and leak. But they are overlooking the fact that these causes are first of all a consequence of poor organization, the gross violations of technological discipline in all the units of the urban development process, the participants in which are acting in an uncoordinated manner at every step, while pursuing their own immediate advantages. A large portion of the blame here belongs to the single client--the Administration of Capital Construction of the city soviet executive committee, which is inadequately making the managers of contracting organizations responsible.

"The passivity of the client is turning into large costs," chief project engineer T. Kuliyeu says concerning this. "For example, with the permission of the RSFSR State Committee for Construction Affairs for the first time in the city we envisaged in the houses of the 18th microrayon the internal decoration of the kitchens and bathrooms with glazed ceramic tile. But at the stage of construction they excluded it from the estimate. Contrary to the requirements of author's supervision they are laying the linoleum on the floors without bitumen cement and are decorating the walls of the rooms with wallpaper without a paper layer. Given such serious deviations from the plan and technology the new settlers cannot avoid repair work. So it turns out that the city soviet executive committee, by accepting houses of low quality, is itself creating problems for the future."

T. Kuliyeu is right. For it has been known for a long time: the contractor has only to get hold of the cherished "autographs" of the members of the state commission for it to immediately grow cold toward the project and it is not that simple to return it for the elimination of the flaws in workmanship. So is it not better for the client to show steadfastness at once and to see to it that the contractors would do at the project everything as it should be?

7807

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HOUSING AND PERSONAL SERVICES

PROBLEMS OF COMPANY STORES EXAMINED

Moscow EKONOMICHESKAYA GAZETA in Russian No 7, Feb 84 p 19

/Article by A Mizenina, deputy director, Orbita Company Store-Salon, Krasnoyarsk, in the column "Production-Trade-Service": "Orbita's Horizons, Problems of Company Trade"/

/Text/ We must campaign for company trade. Its significance is determined by the decrees on improving the economic mechanism, and practice has shown that company trade includes both quality and quantity of services and additional conveniences for the customer.

The experience of our Orbita store-salon confirms what has been stated. It has not yet been in operation for six years, but it has gained quite widespread popularity.

There are no quiet moments in the work of the store-salon. The customers and those who just like radio equipment fill its rooms from the time it opens until the closing bell. And this is natural: Orbita includes our radio industry's latest product innovations, guaranteed home delivery of a purchase, and expert consultation with an experienced specialist. Orbita also includes meetings with representatives of manufacturing plants and sale displays.

The store collective was given the task of actively studying customer demand and consumer preferences for the personal radio equipment of the enterprises of the Ministry of the Communication Equipment Industry and also to provide additional services to customers.

We can cope with this task very well. I will dwell on the organization selling color televisions as an example. And here it is appropriate to raise a question: Why do many Krasnoyarsk residents try to get them specifically in our store-salon?

Not knowing all the fine points of company trade, the customer nevertheless is well aware that a color television purchased at Orbita breaks down less often than one bought at another store.

In order to understand what the matter is here, it is necessary to trace the entire chain: plant-store-customer. Each batch of televisions coming from one plant or another undergoes our presale preparation, which includes a definite running time after which each individual set is checked by the delivery engineer.

And only after this is the television model chosen by a customer from the salon display delivered to the potential owner's home, because after the installation and the last check and tune-up of the set at the customer's home, he may say: "I'm buying it." But he may also refuse. He is given such a right by our store by-laws.

Let us look carefully at the economic side of the presale check and preparation that the store must conduct. What do our engineer's functions consist of here? They are simple: to unpack the television, turn it on, and determine whether it is ready to sell. If the set does not "run," he makes a diagnosis. It is simple, like the turning-on operation itself; the choice of "illnesses" is not large: It does not turn on; there is no sound; there is no color, or there is no convergence of beams...

I dwell on these technical details at such particular length only because a complex problem is behind them.

I will illustrate with an example. In October, we received a batch of Rubin televisions. Of the 168 sets, 68 turned out to have defects. And what is annoying is that many are called defective because of petty details. It is a matter of a few minutes for a competent specialist to eliminate such defects. But...

The company store's engineering service cannot and does not have the right to do this. The salon does not have a special seal (such as, for example, the one in any television repair shop). And that means that a working set that needs only minimal adjustment must be sent to the manufacturing plant, which precludes selling it and also eliminates a considerable sum of the commodity turnover.

Another complex problem of interrelations with plants arises here. In accordance with the position with regard to deliveries after rejection, the plant has to eliminate the exposed defects within 15 days. But this does not happen as a rule. Long negotiations with suppliers begin. The manufacturers are not in a hurry to repair even minor defects because they have already received the money for the sets shipped to us. But we cannot sell them. The customers receive less than they should.

And here apparently it makes sense to consider broadening the rights of company stores selling complex household equipment. Stores should be given the right to eliminate minor defects on the spot at the stage of presale preparation. In addition, in the event of a violation of the 15-day deadline set for the plant to eliminate defects (after a suitable

examination), they should be authorized to recover the price of these sets from the manufacturers. It appears that such an economic lever may work.

It is also possible to take another approach: to have the suppliers of an appreciable number of defective sets conform to a special regime. They must turn over their products to the store on the spot, with a representative of the plant present.

Every month all the senior engineers of the Orbita Store report on the rejection of radio equipment at the quality commission. We summarize this information and promptly send it to the administration of our ministry's company store organization with appropriate suggestions. However, it seems to us that the statistics on product defects should be turned into a more effective economic lever capable of forcing a plant collective to work better.

And one more thing. Our salon has a return service. Its workers return equipment with defects to the manufacturers. The service has considerable difficulties in shipping such equipment because the railroad seldom delivers containers on time; it is necessary to find packing boxes and cartons. All of this is a heavy burden on the store's goods turnover plan and consequently on the economic incentive fund for the collective.

It is common knowledge that the customer's right to exchange equipment is not given by the seller but by Rembyttekhnika (Household Equipment Repair) and the enterprises of the Ministry of Domestic Services for the Public. Here it turns out that the return and guaranteed exchange is our responsibility; we also enter into complex economic interrelations with the manufacturers, but others decide the fate of the equipment.

In our opinion, such a situation results in the fact that the specialists of the same Elektronika plant (we have such a plant in Krasnoyarsk; it specializes in repairing radio equipment) are seldom interested in really working for the life of a television or radio equipment. After all, after two complex or five simple repairs during the time of the guarantee time limit, it is possible to issue the owner a certificate for the right to exchange. Incidentally, in a year, we make such an exchange for almost 700,000 rubles worth of products out of a goods turnover of 7 million rubles.

Is it possible to simplify the problems cited, to increase the quality of service in a company store-salon, and to have an effect on the quality of goods through the system of organizing the sale of complex household equipment?

Apparently, the solution lies in improving the company store's economic relations with the manufacturing plant and broadening our rights in the matter of presale preparation in order to sharply reduce the number of televisions, tape recorders, and receiving sets traveling by railroad.

Surely there may be other suggestions whose realization would really turn Orbita into a highly prestigious company center for selling radio equipment to the public.

12478

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HOUSING AND PERSONAL SERVICES

CARTOON COMMENTARY ON INCOMPETENCE IN HOUSING REPAIR

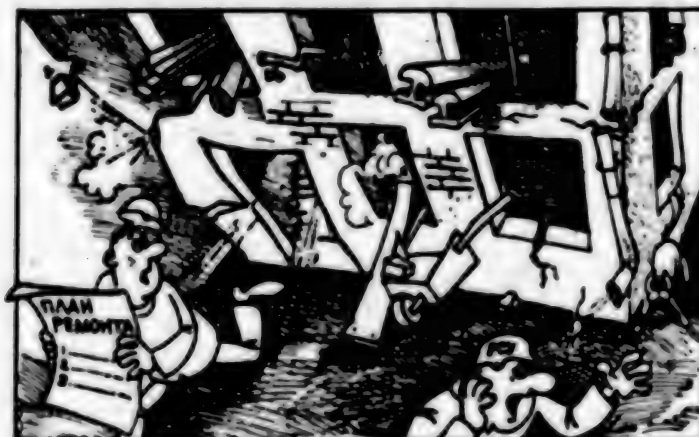
Riga SOVETSKAYA LATVIYA in Russian 8 Dec 83 p 2

[Letter to the editor, cartoon by L. Lavrent'yev: "An Artist Comments on a Fact"]

[Text] They planned in Proletarskiy Rayon of Riga to repair the second building of Apartment House No 3 on Zal' Street. When the planning estimate had been prepared, they began to move the tenants into apartment houses of the maneuverable housing resources. The move lasted for 2 years instead of 2 months.

Finally the repair and construction trust of the city soviet executive committee (N. Titov, manager) began to deliver construction materials: brick, reinforced concrete blocks, boards and so on. Someone hit upon the idea to pile these materials up directly on the floors of the apartment house.

The floors did not withstand the load and collapsed. As a result the building has fallen into such a state, that now it is hardly advisable to repair it.



Такого ремонта и дом не выдержал.
Рис. Л. Лаврентьева.

The building did not withstand that kind of repair.

7807

CSO: 1827/190

RESEARCH INSTITUTE CRITICIZED FOR FAILURE TO PREDICT DEMAND

Moscow SOVETSKAYA TORGOVLYA in Russian 24 Mar 84 p 1

[Article: "Raising the Level of Scientific Research"]

[Text] The Collegium of the USSR Ministry of Trade [Mintorg] took up in its regular meeting the question of improving the performance of VNIKS [All-Union Scientific Research Institute for the Study of the Public's Demand for Consumer Goods and Market Conditions]. It was noted that the serious deficiencies in the institute's performance and the insufficient effectiveness of the research done have resulted from poor scientific treatment of the questions of studying and forecasting demands and from the absence of the necessary exactingness toward the heads of scientific subdivisions for the quality of research. The institute did not organize properly the planning of scientific research projects and monitoring of their fulfillment, and little attention has been paid to improving the work of the institute's branches in the union republics. It was also pointed out that these defects resulted to a considerable degree from the fact that the main commodity administrations of USSR Mintorg quite often assign to the institute topics of little importance and sometimes evaluate the results of scientific research uncritically and as a formality, and then after accepting the project they do not always see that it is put to effective use. There are serious deficiencies in the development and introduction of the system of comprehensive study and forecasting of the demand of the public for consumer goods in trade and industry (SKIPS).

It was recommended that the administration of VNIKS draft measures within 1 month and carry them out during 1984 to increase the effectiveness of scientific activity and to improve utilization of the institute's scientific potential and also methods supervision of introduction of SKIPS.

The question was also taken up of the performance of the All-Union Association "Soyuzpromvnedreniye." Having noted that recently the association had made a certain effort to develop new goods and put them into production and to improve relations with industry, the collegium called attention of its management to serious deficiencies. Not enough vigor has been shown in the effort to put new goods into production on the broad products list. It was recommended that the management of the association step up the work with industry to organize the production of consumer goods. Trade ministries of union republics were called upon to invigorate the work of their own staff and of republic wholesale organizations aimed at putting new goods into production based on the prototypes of the association and its affiliates.

The collegium also adopted a decision on supplemental measures aimed at strengthening intradepartmental monitoring.

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CONSUMER SECTOR POLICY AND ECONOMICS

SHORTCOMINGS IN SUPPLY OF GOODS TO CONSUMER CRITICIZED

Moscow IZVESTIYA in Russian 9 Feb 84 p 2

[Article by V. Romanyuk, IZVESTIYA economic commentator, summarizing a joint session of the commissions for consumer goods and trade of the chambers of the USSR Supreme Soviet: "Why Marketable Goods Are Not Selling"]

[Text] Improved activity and the upgrading of management personnel have been referred to in the Appeal of the CPSU Central Committee to All Voters and USSR Citizens as the most urgent problems of the day. This fully applies to trade and the industries involved in manufacturing goods. Having become accustomed to operating under the conditions of shortage, when nothing was ever refused, trade and industry are still slow to readjust to the new conditions. The situation that has come about was a topic taken up in a joint session of the commissions for consumer goods and trade of the chambers of the USSR Supreme Soviet.

Without Shortages ...

Yes, shortage no longer holds the dominant position it once had. Shortcomings in customer service are beginning to show up in the performance indicators of the trade sector. The warning signal, so to speak, has already come: the plan for retail commodity sales has not been fulfilled for the last 2 years, indebtedness was almost 12 billion rubles for last year alone in state and cooperative trade. This upsets the balance between personal money income and expenditures. In a followup on fulfillment of the decree of the Presidium of the USSR Supreme Soviet on improvement of customer service in the trade sector the deputies established numerous cases when there was a shortage of goods in everyday demand in the stores, while adequate amounts of them were in the depots and warehouses.

It cannot be said that the trade sector has been marking time, has not been seeking new and more progressive forms of operation. Exhibition sales and market fairs, at which a broad selection of goods is usually presented, have been an innovation. "Order" stores have been opened in many cities, retail trade from truck stores has become especially popular in rural areas, as has countertrade in which goods are exchanged for surplus agricultural produce. The store hours of trade enterprises have become convenient for the public.

Alas, all of this has been insufficient to "rescue" the commodity sales plan. G. Vashchenko, USSR trade minister, assured the deputies that commodities were being moved about extensively in order to improve satisfaction of customer demand. Perhaps so, but.... According to the figures the deputies had, as of 1 December 1983 stocks of outerwear and underwear in retail trade (while the national average is 131 days) amounted to 216 days in Tajikistan, 78 days in Lithuania, 223 days in Uzbekistan, and 92 days in Estonia. There is, of course, an overflow of these goods in some republics and a shortage in others. The situation is the same with inventories of footwear, television sets, carpets, household soap, matches, etc.

USSR Mintorg [Ministry of Trade] and Tsentosoyuz, it was noted in the session, are not keeping up very well with the conditions on the market, and sometimes they simply ignore the recommendations of their own forecasting staffs and for that reason are not protected against oversights in orders. Deputy F. Loshchenkov cited this case. The Rybinsk Motor Manufacturing Association organized the production of milk separators on the basis of orders from the trade sector, and in 1973 it brought the volume of production up to 390,000 units. Then the trade sector cut back the orders to 53,000 units a year. And suddenly it turned out that the product was in the scarce category, capacities had to be hastily put back in shape so that even by 1984 they could manufacture 190,000 milk separators. Yet this kind of veering could have been avoided if more thought had been given to the problem.

Why speak of milk separators! The original order from the trade sector for color television sets in 1984 was 6 million units, and then it was cut back to 3.2 million; the original declaration was for 1.6 million automobiles, and then the figure was cut to 1 million. A different kind of miscalculation happened with tires: originally the requirement was set at 5 million tires, but actually it exceeded 7 million!

The deputies noted that the trade sector is not exerting much influence on the shaping of production plans, it reconciles itself to cases when the output of goods needed by the public is cut back and purchases products which it knows in advance will not sell. This kind of "tolerance" is expensive for the state: commodity inventories of Mintorg have grown by one-third in 2 years, and above-allowance inventories have grown 3.4-fold. In this connection Deputy A. Inzhiyevskiy called for giving up the habit of "take what they give you."

It is equally important, and the deputies were unanimous on this point, to improve the standard of customer service. Deputy B. Tolstykh spoke about this in particular. Cases of cheating customers with wrong measurements and wrong weights. Gosarbitrazh [State Arbitration Commission] and the USSR Procurator's Office submitted material on this to the commissions. The commission members were thoroughgoing in their assessment of deficiencies in the trade sector's service to the public.

How To Furnish an Apartment

The performance of the sector of the timber and lumber, pulp and paper, and woodworking industry [Minlesbumprom] has already been a topic taken up by the standing commissions of the chambers. This time the deputies learned about the procedure for monitoring Minlesbumprom's progress in fulfilling planning targets and carrying out the recommendations of the standing commissions on the organization of the production of goods for the public.

This sector does in fact play an important role in supplying household articles to the public; they make up one-third of its entire volume of production. Mainly these are furniture, wallpaper, albums, pads and the like, and garden houses.

In the 3 years of the 5-year plan the assignment for these products has been exceeded by 800 million rubles in retail prices, and more than 200 of the simplest products have been put into production. But we are still far from fully satisfying public demand. The deputies noted that the sector is slow in reorganizing to produce up-to-date goods. The associations "Tyumen'-mebel'," "Kirgizmebel'" and "Orenburgmebel'" are updating only 3-10 percent of their furniture every year.

The furnituremakers of the association "Vil'nyus," one of the six progressive collectives whose initiative for increasing the output of high-quality goods has been approved by the CPSU Central Committee, have displayed a good example in this context. But so far this experience has not been disseminated vigorously enough in the sector.

In gathering material on the question of the performance of Minlesbumprom, Deputy M. Polshchuk, a weaver at the Moscow Silk Combine imeni Shcherbakov, visited enterprises in Moscow. Here is one of the conclusions which the deputy came to on the basis of a thorough study of the problem and consultations with leading specialists in the field of housing construction, the study of demand, and trade: managers in the economy are as a rule not in a hurry to update products, they tackle this job when production is already manifestly out of date, and the products do not meet present-day requirements with respect to any parameters. For decades one and the same general notebooks, sketch pads, note pads and notebooks have been produced. The quality of wallpaper is not improving: quite often the builders put up such wallpaper that the new tenants have to take it down immediately.

"It might be said that there are customers even for such products," M. Polshchuk concludes. "Yes, there are. Because there are no other products. But still this is no argument for producing an outdated product. I am a producer of products myself, and I understand this quite well."

It is no simple matter for a new tenant to furnish an apartment in Siberia, Central Asia or Kazakhstan: almost a third of the country's population lives there, but approximately 15 percent of the national output of furniture is manufactured there. A. Lukashov, deputy chairman of USSR Gosplan, furnished information: the appropriations were smaller than required to develop the

plant and equipment of the furniture industry of the Far East and Central Asia; but even what was allocated has been only 60-70 percent assimilated. Under those conditions, the deputies feel, maximum attention has to be paid to reconstruction and retooling of production, and there is a need for an enterprising attitude in this area.

In spite of the instructions of policymaking bodies, by no means all enterprises of Minlesbumprom have become involved in manufacturing goods. In Tyumen Oblast and Karelian ASSR a third of them are not manufacturing consumer goods at all. Nor are the pulp and paper enterprises of Eastern Siberia or Khabarovsk Kray furnishing anything for the market to speak of. Of course, the bulk of wood products have to be shipped into these regions from far away. In certain oblasts, including those rich in timber, such as Tomsk and Chita, rolling pins, chopping blocks, and potato mashers are hauled hundreds and even thousands of miles. Scrap wood might go for these purposes, but in many places at least half of it is either burned or hauled to the dump.

Yet the sector has experience in optimum use of timber resources and in creation of virtually waste-free technologies. Deputy V. Dikusarov told how in Chernovitsy Oblast comprehensive use of timber processed exceeds 90 percent. More than 60 different products are manufactured from process waste.

To some degree the increase in the output of high-quality goods is being held back because of the lack of highly effective finishing materials and accessories. The chemical industry has not organized the production of satin-finish varnishes, which make it possible to considerably improve the quality of finishing and to raise labor productivity in the furniture industry. There is a lack of paste pigments for wallpaper in the required range of colors, and the output of polyurethane foam for upholstered furniture and of upholstery fabrics with improved textures is inadequate.

An Expensive Stool

What the trade sector wants is not only a broad assortment of goods which are stylish and beautiful--to suit any taste. The deputies put the question this way: The orders submitted by the trade sector must take into account the needs of various age groups and also the varying level of family income. Before declaring that there is an abundance of goods on the shelves, give everyone the right to choose a product at a price he can afford. It was noted, for example, that industry, failing to take into account the requirements of customers, often increases the output of oversized and expensive furniture.

In letters which individuals have sent to soviets cases are also cited of curtailment of production of inexpensive furniture and of a rise in average retail prices. For instance, in Ivanovo Oblast the physical volume of output of various products increased over 10 years between 29 and 320 percent, while in value terms the increase was from 1.4- to 3.8-fold. The real volume of production of kitchen stools in the association "Khar'kovdrev" increased in quantity 5.4-fold over 12 years, while the money increase was 9.1-fold. Instead of 3 rubles 60 kopecks the stool now sells at a price of 6 rubles 10 kopecks.

Isn't this the reason why plans for the output of furniture are not being fulfilled for a number of groups in the assortment, while the plan for the total volume of output is being fulfilled? Last year the output plan was not fulfilled for chairbeds, sets and suites of children's furniture and dining room tables and chairs. At the same time in 1983 alone above-allowance inventories of furniture increased almost 1.5-fold in the trade sector.

Deputy Ye. Poklonskaya, a senior doffer at the Svetlogorsk Artificial (Cellulosic) Fiber Plant imeni 60-Letiye Velikogo Oktyabrya in Gomel Oblast, expressed criticism in connection with this problem which she addressed to the furnituremakers in Gomel: Having failed to meet contractual obligations for marketable goods at an accessible price, they at the same time delivered to the market quite a bit of furniture which is not in demand.

M. Busygin, USSR minister of timber and lumber, pulp and paper, and woodworking industry, admitted in replying to the critical remarks made on this point that the share of expensive products had actually increased, while that of inexpensive ones had decreased. Over the last 3 years the rate of growth of furniture in money terms was almost threefold its growth rate in terms of pieces. Measures have been taken to correct the situation: production will now be planned by product price groups.

The supplements for newness for goods which are the height of fashion are fully justified. But at the same time there must be a selection of inexpensive articles on sale. Yet often they are "scrubbed" from the assortment. Inexpensiveness, the deputies remarked, must, of course, not be detrimental to quality, as has happened, say, with certain articles of jewelry. In an effort to produce a larger number of pieces of jewelry at a cheaper price, Minpribor [Ministry of Instrumentmaking, Automation Equipment and Control Systems] downgraded its high jeweler's art to the level of the most ordinary clothing accessories. As a result the industry is beginning to "produce for the warehouse." In the last 4 years inventories of jewelry have increased by 20 days' turnover.

Yet little use is being made of such an important lever for satisfying demand as commission trade. It has now been reduced virtually to the sale of motor vehicles. Since 1984 biannual seasonal sales of goods were introduced. But if the "price factor" is to operate in the necessary direction, standards have to be raised in the trade sector: unless there is a good supply, advertising, and "delivery" of the goods, success cannot be counted on.

Comrade Yu. V. Andropov emphasized that the principal criterion for evaluating the performance of any sector ought to be the level of its satisfaction of the constantly growing needs of society. Evaluating the activity of trade and industry from that standpoint, the deputies came to the conclusion that a more effective mechanism needs to be worked out for relations between them. It was proposed to trade organizations that they work out the proportional breakdown of commodity sales and submit specific orders for goods. It is important that they reflect the interests of every Soviet family and take into account its comfort and needs.

The decision was adopted to pass on the material which was the topic of consideration of the commissions to the USSR Council of Ministers to be taken into account in the drafting of the comprehensive program for development of the production of consumer goods and the system of services to the public.

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